



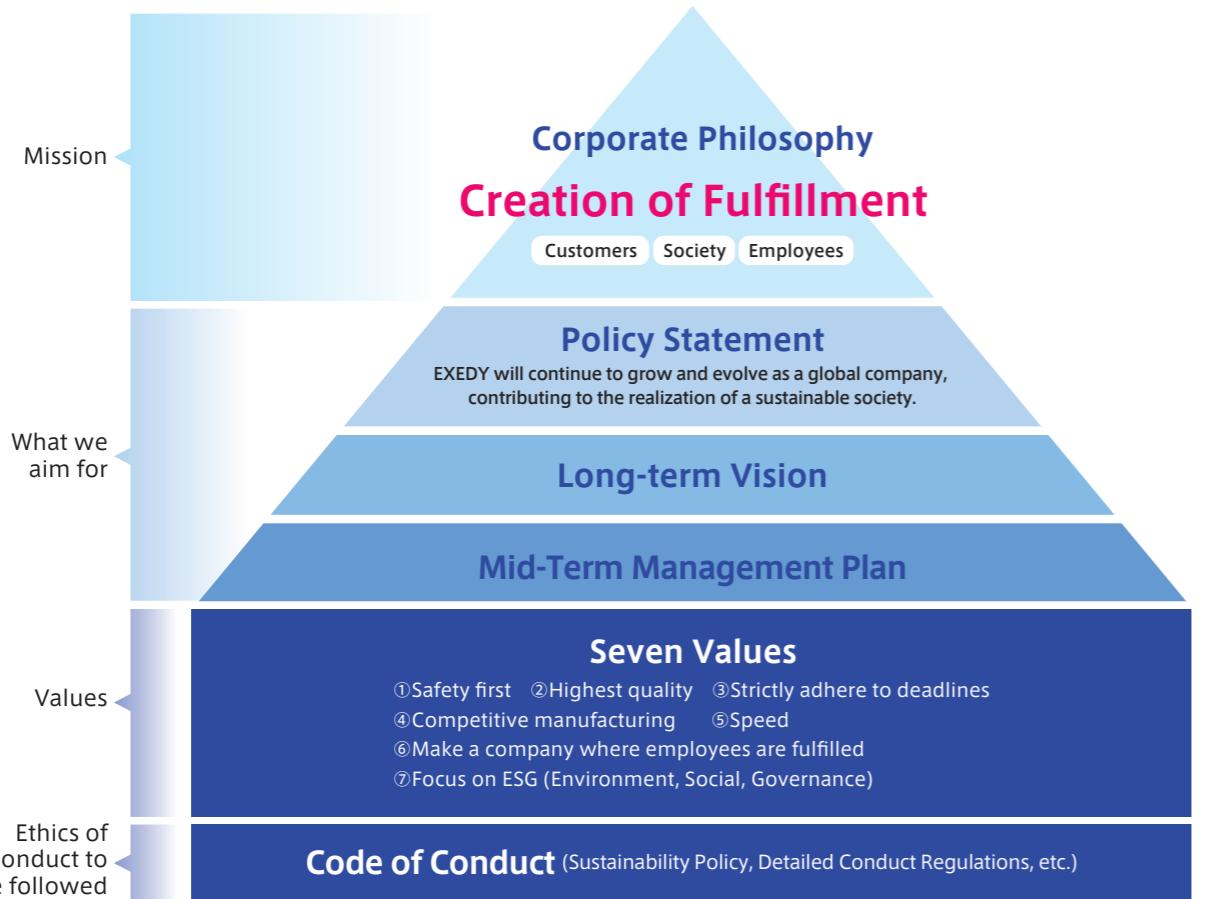
# Integrated Report 2025



## Corporate Philosophy "Creation of Fulfillment"

Each employee, with a good conscience and hope for the future, will create **fulfillment for society**  
 Through advanced technology and scrupulous attention to detail, we will create **fulfillment for our customers**  
 With pride and a self-growth, we will create **fulfillment for our EXEDY family**

**EXEDY WAY**



EXEDY's corporate philosophy system consists of missions, aims, and values. In 2021, we declared that we would carry out activities to create a sustainable society and sustainable growth of the company (sustainability activities) and made sustainability a management policy. The Long-term Vision is based on the recognition of the business environment, corporate philosophy, and management policy, and clearly states what EXEDY aims to become by FY2050. The Seven Values are the concepts (values) that we will emphasize in our business activities in order to put our corporate philosophy into practice and achieve our Long-term Vision. By achieving our Long-term Vision and adhering to the 7 Values, EXEDY will continue to create joy for society, our customers, and ourselves, and contribute to the realization of a sustainable society.

### On issuance

EXEDY decides to publish an Integrated Report to provide investors and other stakeholders about the value-creation process, including financial and non-financial information in a narrative manner. Our company has achieved PBR exceeding 1 by promoting the Mid- to Long-term Strategy published in April 2024 and by implementing shareholder opinions that contribute to improve corporate value into management practices. In addition, we are attempting to implement the knowledge of Kyoto University and Doshisha University in strengthening human capital. This time, we have honestly posted our company's efforts over the past year and future plans to strengthen our "earning power," mainly on the "Public IR" page, so please take a look. We will continue to strive to improve corporate value through the promotion of our Mid- to Long-term Strategy and dialogue with our stakeholders. Finally, we hereby state that the process used to prepare this report is justified.

Representative Director Senior Executive Managing Officer  
 Executive General Manager of Corporate Strategy Promotion Headquarters **Hiroshi Toyohara**



#### • Editorial Policy

In addition to providing financial information such as business performance, business results, and management strategies, this Integrated Report also includes non-financial information on ESG (Environmental, Social, and Governance) initiatives in support of sustainable growth. For publishing this Integrated Report, we referred to "International Integrated Reporting Framework" proposed by the International Integrated Reporting Council (IIRC) and the "Guidance for Integrated Corporate Disclosure and Company-investor Dialogue for Collaborative Value Creation" issued by the Ministry of Economy, Trade and Industry (METI). For more detailed information on our environmental reports, etc., please refer to the "Sustainability" section on our corporate website.

#### • Cautionary Note Regarding Future Outlook

The non-historical facts contained in this report are forward-looking statements based on estimates and plans. These forward-looking statements involve risks, uncertainties, and other factors that may cause actual results and performance to be different from those described in this report.

#### • Position of the Integrated Report

Financial Statements EXEDY Homepage Investor Relations  
<https://www.exedy.com/en/stockholder/>



#### • Scope of Reporting

**Target organization**… EXEDY Corporation and the EXEDY Group (non-consolidated) are indicated, it refers to EXEDY Corporation on a non-consolidated basis.

**Reporting period**…… Primary reporting period is FY2024 (April 2024 - March 2025) and partially includes activities after April 2025.

**Target readers**…… All stakeholders of the EXEDY Group

#### • Terms Used in the Integrated Report (names of different types of electric vehicles)

BEV : Battery Electric Vehicle  
 HEV : Hybrid Electric Vehicle

Non-Financial Information EXEDY Homepage Sustainability  
<https://www.exedy.com/en/csr/>



#### Integrated Report



Financial Results/Notice for Convocation of Annual Shareholders Meeting, etc.

Corporate Governance / Respect for Human Rights / Our Contributions to Society, etc.

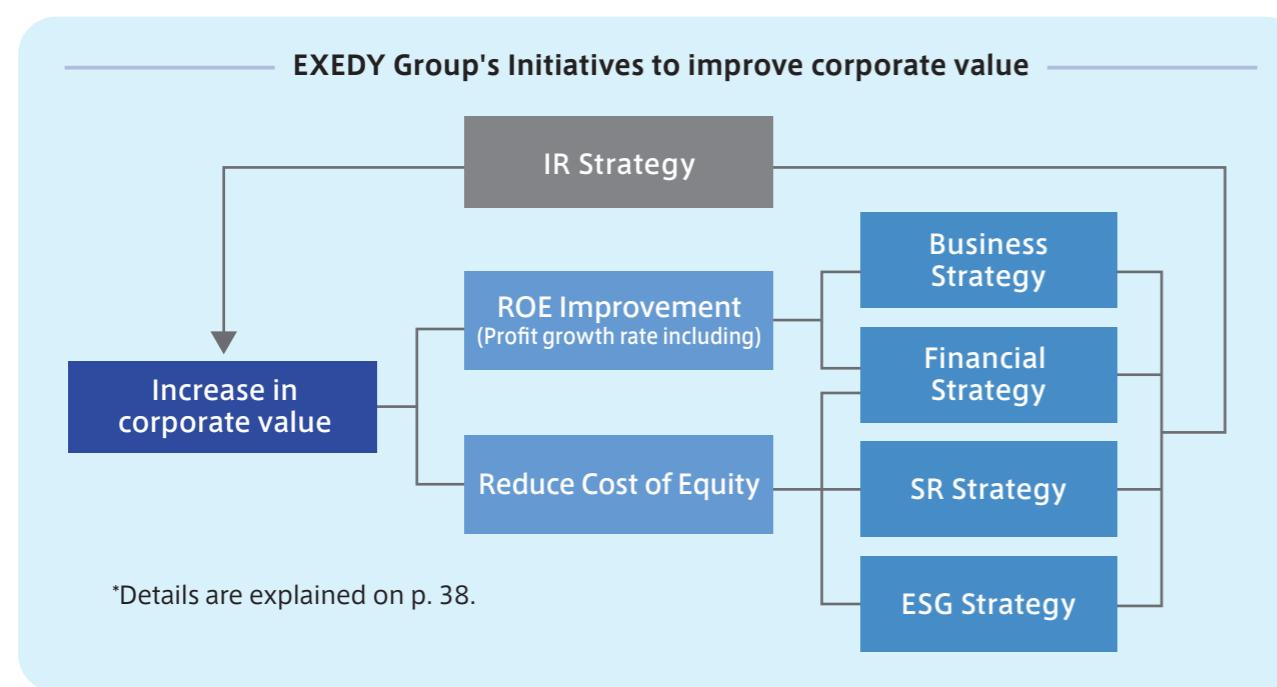


# EXEDY Integrated Report 2025 Contents

We intend to increase corporate value by improving ROE and reducing the cost of shareholders' equity.

We will execute business and financial strategies as measures to improve ROE, and financial strategy, SR strategy, and ESG strategy as measures to reduce the cost of shareholders' equity. In addition, we will promote market understanding of the progress of these four strategies through dialogue with stakeholders and disclosure in accordance with our IR strategy, and strive to enhance our corporate value.

This Integrated Report is structured in line with this concept.



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In the second year of our Mid-Term Management Plan "REVOLUTION 2026," We will strive to strengthen our "Earning Power."

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## CEO MESSAGE

**In the second year of our Mid-Term Management Plan "REVOLUTION 2026,"  
We will strive to strengthen our "Earning Power."**

**Tetsuya Yoshinaga**

Representative Director, President & CEO



**Steady implementation of the Mid-Term Management Plan**

FY2025 marks the second year of our "Mid-Term Management Plan REVOLUTION2026" (hereinafter referred to as the Mid-Term Plan).

I am pleased to report to you the current status of our company and our strategies for the future. First, I will explain the business performance of FY2024, which was the initial year of the Mid-Term Plan.

Although our core business in automatic transmission (AT) experienced a decline in orders due to the shift to battery electric vehicles (BEVs), we were able to far exceed our initial plans in all financial items, posting net sales of 309.6 billion yen, operating profit of 21.8 billion yen, and net profit of 12.7 billion yen, thanks to reduced depreciation expenses from impairment processing carried out in FY2023, the positive impact of a weaker yen, and our negotiations to pass increased costs for raw materials and other items on to customers. Of particular note is the return on equity (ROE), which landed at 6.4%.

This means that we achieved our target for FY2026, the final year of Mid-Term Management Plan (ROE 6%, Operating Profit 19 billion JPY), two years ahead of schedule, indicating that our management REVOLUTION is steadily producing results. FY2025 is expected to be lower than the previous year, mainly due to a one-time increase in labor cost associated with the grant of shares for the employee stock ownership plan.

However, compared to the initial forecast, we have revised upward the target at the time of formulating the Mid-Term Management Plan, taking into account that the progress has been better than expected due to the transfer of cost increases to selling prices and increases in AT

products in China and motorcycle products in ASEAN countries, and that we will promote initiatives for further "earning power" in the future. The Company recognizes that the foundation for sustainable growth is becoming solid.

The current share price is 5,190 JPY as of October 31, 2025, with a P/B ratio of 1.0.

When I explained our Mid- to Long-term Strategy at the financial results meeting last April 26, our stock price was 2,853 JPY and P/B ratio was 0.6x, so I am grateful that our shareholders and investors appreciated our REVOLUTION.

The main events that had a significant impact on this share price increase were the dissolution of the capital alliance with the largest shareholder and the secondary offering of our shares, as well as the announcement and update of our Mid- to Long-term Strategy.

These strategic decisions marked an important turning point in our efforts to grow autonomously. The basic concept of our Mid- to Long term Strategy is to "strengthen our earning power and actively invest the profits generated into growth investments and human capital, thereby reinforcing the business cycle that leads to business expansion and the creation of new businesses, and, through this business cycle, to realize our corporate philosophy, address priority issues (hereinafter referred to as 'materiality'), and enhance our corporate value (≈ stock price). Our corporate philosophy is 'Creation of Fulfillment (for Society, Customers, and Employees)', and we have selected 12 Material Issues in line with this philosophy.

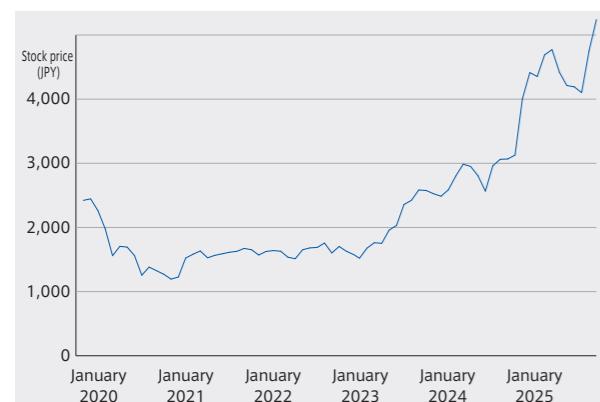
By operating an enlarged reproduction business cycle, we aim to build a 'spiral of creating Fulfillment' in which the Fulfillment of growth for employees, the Fulfillment of customers enjoying new value and products, the Fulfillment of solving social issues including environmental

**ROE targets brought forward & revised upward (Updated and disclosed on October 29, 2025.)**

	Unit: JPY Billion	FY 2024 Results <1st Year of the Mid-term Plan>	FY 2025 Forecast <2nd Year of the Mid-term Plan>	Target for FY 2026 <3rd Year of the Mid-term Plan>	Target for FY 2027	Target for FY 2030
Before update	Revenue	309.6	285.0	280.0		330.0
	Operating Profit Ratio to Revenue	21.8 7.1%	19.0 6.7%	20.0 7.1%	No disclosure	30.0 9.1%
	ROE	6.4%	6.6%	6.7%		8.0%
After update	Revenue	309.6	295.0	285.0	282.0	330.0
	Operating Profit Ratio to Revenue	21.8 7.1%	21.0 7.1%	22.0 7.7%	23.5 8.3%	30.0 9.1%
	Net Profit Ratio to Revenue	12.7 4.1%	12.5 4.2%	13.8 4.8%	14.8 5.2%	18.6 5.6%
	ROE	6.4%	7.0%	7.5%	8.0%	10.0%

\*Target at the time of the announcement of the Mid-Term Management Plan in April 2024: 6.0%, updated in April 2025.

### The trend of our company's stock price



corporate governance REVOLUTION & enhancement of social change resilience through ESG strategies and expansion of dialogue with shareholders through SR strategies.

We then actively communicate each of these initiatives to our shareholders and investors based on our IR strategy, and strive to maximize corporate value by deepening their understanding through dialogue. In particular, in FY2024, we focused on measures to optimize the capital adequacy ratio based on our financial strategy and significantly improved ROE.

We understand that the market's evaluation of these efforts is reflected in the current share price.

challenges, and the joy of enhanced corporate value for shareholders are all interconnected, while simultaneously addressing Material Issues. Of our Material Issues, we consider the most important to be "Offer New Value Through Technological Innovation (= creating and nurturing new businesses)," "Creating a Company That Employees are happy to work (= fostering a mindset of REVOLUTION)," and "Governance (= REVOLUTION corporate governance)," each of which is described below.

We read the increase in corporate value as an improvement in P/B ratio, and to achieve this, we are making company-wide efforts to improve ROE and reduce the cost of shareholders' equity.

To improve ROE, we are strengthening "earning power" through our business strategy and improving capital efficiency through our financial strategy.

In addition to financial strategies to reduce the cost of shareholders' equity, we are promoting

### Further Enhancement of Corporate Value: Strengthening Earning Power

Now that we have achieved an optimal capital structure one year ahead of our original plan, we are moving forward to strengthen our "earning power" through business strategies in line with our Mid- to Long-term Strategy.

Until now, we have been passive in our approach, focusing on how quickly and reliably we can respond to the demands and requests of our clients and the industry. Now, however, the automotive industry is entering a "once-in-a-century period of REVOLUTION," and changes in the business environment are having a profound impact on the business structure itself.

In particular, the trend toward electrification (EV) has directly affected our group in the form of reduced demand for internal combustion engine-related parts, but has also rapidly increased demand for EV-specific parts such as batteries, motors, and inverters, as well as new

materials, cooling technologies, and high-voltage components to support these parts. Although there are some who believe that the speed of the EV shift is slowing down slightly, we believe that this trend is definite in the mid- to long-term, and the business environment is changing in such a way that automobile parts manufacturers like us cannot respond without REVOLUTION of our past attitude toward our business.

To strengthen our "earning power" under these circumstances, it is essential not only to improve the profitability of our core businesses, which consists of the OEM and after-sales businesses, but also to invest in and develop new business areas. The shift to electric vehicles represents a significant risk as well as a new growth opportunity for our company. Therefore, we aim to firmly improve profitability in our core businesses, dynamically transform our business portfolio by allocating the cash generated and talented personnel cultivated in our current businesses to the creation of new businesses, and achieve a 10% ROE, 330 billion yen in sales, and 30 billion yen in operating profit by FY2030.

Previously, we had set our target ROE at 8% for FY2030. However, after discussions with major shareholders and considering factors such as the rise in the risk-free rate, we resolved at the Board of Directors to raise the target to 10%. Sales are expected to see a significant change in segment composition from the actual results of FY2023. Although demand for internal combustion vehicles is expected to decrease and the AT business will gradually decline, by strategically expanding the MT aftermarket business and new businesses, we aim to shift from a business portfolio heavily focused on the AT business to a balanced portfolio comprising AT, MT, and new businesses.

With regard to profit, we plan to improve the current Operating Profit margin by expanding sales in the MT business, where the share of the highly profitable after-sales business is high, and by creating and developing new businesses.

### Progress of Business Strategies: Outline of Core Businesses and Mid- to Long-term Strategy

I will explain our strategies and progress in each of our business segments, dividing them into core businesses and new businesses.

Core businesses are the MT business, AT business, and TS and motorcycle business, which have supported our growth to date and will drive the profit side of our consolidated performance.

These businesses are structured as a matrix of products and customers, with different strategies in each quadrant, plus regional strategies.

First, let me explain about the MT business. In this business, we manufacture and sell clutch covers and discs for manual transmission vehicles. While sales for FY2024 were JPY 73.8 billion, accounting for only 25% of total sales, it is a highly profitable segment, generating JPY 11.0 billion in operating income, which is nearly half of our total operating income.

We have been developing clutches for a long time since our establishment in 1950, and now have manufacturing and sales bases in 25 countries around the world. We are proud of our 22% share of the global OEM market. Clutch-equipped vehicles are mainly commercial vehicles such as buses and trucks, which require easy maintenance and efficient power transmission, and demand for clutches is expected to be firmer than for ATs. In addition, the electrification of medium- and heavy-duty vehicles is expected to take time due to issues such as drive performance and infrastructure development, and the risk of market contraction due to the shift to EVs is relatively small.

Next, I will explain the after-sales (repair parts) business of the MT business.

There is a worldwide aftermarket for clutches for manual transmission vehicles because of the demand for periodic replacement.

Distribution channels are shorter than those for new vehicles, and pricing is relatively flexible, making them highly profitable.

For more than 50 years, we have been promoting "OE quality" to the aftermarket around the world, and have established the EXEDY brand and boast a high nomination rate by establishing an immediate delivery system based on our unique ordering and delivery system.

### Mid- to Long-term targets for FY2030

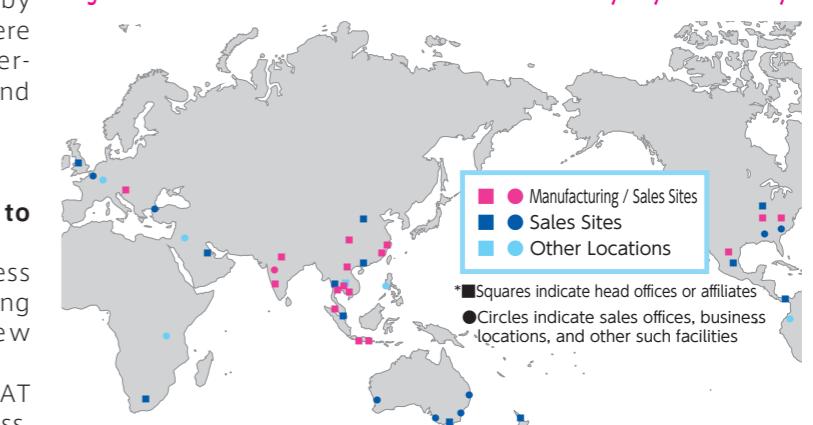
	Revenue (JPY Billion) / Sales composition ratio			Operating Profit (JPY Billion) / Ratio to Revenue		
	FY 2024 Results	Target for FY 2027		FY 2024 Results	Target for FY 2027	
		Target for FY 2030	Ratio to Revenue		Target for FY 2027	Target for FY 2030
Core Business	AT (OEM & After)	199.7 65%	143.0 51%	110.0 33%	12.4 6%	10.0 8%
	MT (OEM)	35.0 11%	31.5 11%	29.0 9%	2.2 6%	1.5 5%
	MT (After)	38.8 13%	45.0 16%	46.0 14%	8.6 22%	10.5 23%
	Others (TS-Two-wheels/OEM & After)	35.2 11%	46.0 16%	45.0 14%	3.3 10%	4.0 8%
New Businesses		308.7 100%	265.5 94%	230.0 70%	26.5 9%	26.0 11%
		0.9 -	16.5 6%	100.0 30%	▲ 1.7 -	1.0 6%
	TOTAL *	309.6	282.0	330.0	21.8 7%	23.5 8%
ROE ➤						
* Operating profit is the figure after considering company-wide expenses.						

\* Operating profit is the figure after considering company-wide expenses.

ROE ➤

### EXEDY After Business Strengths

A global "Sales Channels" and "Brand Power" built over nearly 50 years of history.



- Demand exists for periodic replacement of repair parts for commercial vehicles.
- 11 countries and 22 companies (Sales Companies & Manufacturing / Sales Sites) covering less than 200 countries
- We have a high OEM share (22.1%) and a high replacement nomination rate due to our OEM quality.
- We have earned the trust and confidence of distributors and parts dealers with our prompt delivery system and knowledgeable after-sales personnel, and we currently do business with approximately 5,500 companies.

Another major strength of our company is its ability to appropriately respond to the different business practices of each region by collaborating with local agencies and professional agents who know the market inside out, and to develop community-based services in each area. For example, the Australian sales company for which I served as president held "Tech Night," a product PR event for garage mechanics, and we have built up the "safety and reliability" of the EXEDY brand by always pursuing sales methods that are close to the customer site. Currently, 22 companies (Sales Companies & Manufacturing / Sales Sites) in 11 countries across a wide range of regions including North America, ASEAN, Oceania, South America, Europe, the Middle East, and China cover nearly 200 countries and do business with around 5,500 companies.

In the Mid- to Long-term Strategy, we plan to further expand sales by leveraging this robust global sales network to broaden our range of clutch-related products for Korean, Chinese, and large European vehicles, which we have not handled before. In addition, in order to expand sales not only in the MT aftermarket but also in the AT aftermarket, we are also working to expand the business model of transmission repair parts sales, in which ALLTRANZ, our Oceania subsidiary, is strong, to other bases.

In addition, we aim to achieve aftermarket sales of 57.5 billion JPY in FY2030 by expanding the range of products we handle, such as by starting to handle brake, suspension, and power steering related products and expanding the number of bases handling motorcycle related products.

Since we will effectively utilize existing sales channels and maintain profitability in a manner that minimizes investment, we intend to expand the amount of Operating Profit in line with the growth rate of sales.

Next, I will explain the AT business.

This segment manufactures and sells torque converters for AT vehicles. Our strength in fluid analysis and control technologies and our global manufacturing and sales bases have led to our products being adopted by major automobile manufacturers in Japan and overseas.

As a result, we are also recognized as the world's top manufacturer in torque converters, with a 24% share of the global market for OEMs. 199.7 billion JPY in sales in FY2024 will account for 65% of total sales, making it the largest segment in our group. On the other hand, Operating Profit is expected to be lower than that of the MT business, and production volume is expected to decrease due to the shrinking market for internal combustion engine vehicles as a result of the shift to EVs.

In light of this situation, we have taken two measures in our AT business.

The first is to optimize the production system. First, as the volume of torque converter orders in

Japan and China are expected to decline, we have recorded an Impairment loss of 31.9 billion JPY in FY2023 for business assets for torque converters in the AT business in those regions.

We see this as an impairment for the future and a REVOLUTION into a muscular company. Then, in FY2024, we decided to liquidate EXEDY America, our AT production base in North America, which had been regularly losing money, and transferred production to other bases.

We will continue to pursue this kind of production system optimization on a global basis in FY2025 and beyond.

The second measure is to pass on the cost increase to the selling price and realize an appropriate price.

We have been persistently negotiating for several years to pass on higher raw material and labor costs to selling prices, and in FY2024 we were able to reflect these costs in selling prices more than before. And now, in order to continue supplying high-quality torque converters in a stable manner, we are making proposals with a new approach aimed at achieving appropriate pricing.

Traditionally, in the automotive industry, annual price reduction requests have been made based on increasing production volumes. However, as production quantities are expected to decrease and conventional assumptions are beginning to collapse, it is anticipated that it will become increasingly difficult to fulfill the responsibility of supplying to our client companies.

Therefore, apart from efforts to improve competitiveness, we have determined that it is necessary to set a truly appropriate selling price. Since this way of thinking overturns the conventional wisdom of the industry, I first worked on REVOLUTION of the mindset within the company.

I have directly told our sales representatives, 'It is necessary for our company's financial health to be maintained from the perspective of securing the overall industry supply chain, and this is a critical moment for us. I want you to take your time and continue engaging in careful dialogue with our customers,' and am promoting a REVOLUTION of mindset within the company.

The results of this initiative are expected to gradually be reflected in business performance from FY2025 onward.

## Progress of Business Strategy: Overview and Status of New Businesses

Next, I will explain our initiatives for the creation and development of new businesses.

This relates to one of the aforementioned Material Issues, "Offer New Value."

As for new businesses, we are aiming for sales of 100 billion JPY by FY2030.

The basic approach to creating new businesses is to actively leverage the strengths our company has cultivated in existing businesses as well as the expertise held by external companies.

Currently, the projected sales of new products for

## Business Strategy / New Business: 5 electrification products

Products	Small e-Mobility	Commercial e-Mobility	Drone	Smart Robot	General Purpose Electric Drive Unit
FY 2030 Sales Plan	JPY 24.2 billion	JPY 28.9 billion	JPY 12.9 billion	JPY 6.0 billion	JPY 5.0 billion
Target Market	India/2-wheel & 3-wheel market - National policy to promote electrification needs are great.	Japan/Commercial Vehicle Market - National policy to promote electrification needs are great. - Current technology lacks drivability & cruising range	Japan and North America/Industrial drone market (inspection, agriculture, logistics) - High demand for Japanese products	Japan/U.S./Hauling/Indoor Delivery/Customer Service Market - Automation and manpower saving needs due to labor shortage	Japan/overseas/manufacturing/factory, logistics/warehouse - Increasing need for safe and comfortable transportation
product superiority (Our technology to be utilized)	Increased driving force at startup & smooth gear shifting with motor size unchanged (CVT)	[WREV] Realization of increased driving force at startup & smooth gear shifting with motor size unchanged (torque converter) [SHEV] Smaller battery ensures longer cruising range.	Provide in-vehicle quality products with absolutely no accidents allowed (quality assurance system)	Provide APIs that easily connect to no-code applications and other systems and services on a highly customizable platform (system design capabilities)	Realization of smooth starting, soft stopping, and automatic braking (analytical technology for stress, structure, etc.)

FY2030 are 85.9 billion JPY.

This represents the total value of new businesses expected to be mass-produced, and does not include projects for which mass production is not yet anticipated.

In addition, it cannot be denied that this target value itself is ambitious.

However, I personally feel confident that we are gradually nurturing new businesses step by step.

Among the five new businesses we have announced, we began mass production of the CVT drive unit for three-wheeled BEVs in the large-scale small electric vehicle business in India—which has a sales target of 24.2 billion JPY for FY2030—on September 25, 2025. A new drive unit combining the motor technology of our investee company STARYA and the transmission functions such as the CVT developed in our internal combustion engine business will be installed in three-wheeled BEVs developed by our major Indian investee, commercial three-wheeler BEV manufacturer OMEGA SEIKI, and is scheduled to be sold within India.

During my recent business trip to India, I rode a three-wheeled BEV equipped with this product and experienced the smooth acceleration provided by the continuously variable transmission.

Currently, most three-wheeled BEVs in the local market do not have a transmission function, so we expect to have a competitive advantage.

Following this, we are also progressing with the development of a CVT drive unit for two-wheeled BEVs and will accelerate our efforts to achieve our goals.

\*CVT (Continuously Variable Transmission): A continuously variable transmission. Instead of gears, it uses a combination of a belt and two variable-diameter pulleys.

Additionally, in the commercial e-mobility business

targeting the Japanese commercial vehicle market such as trucks and buses, a prototype vehicle based on fundamental principles has been completed, and test drives have been held for commercial vehicle OE manufacturers and transport operators since September 2025, during which we have received positive feedback from two companies.

I personally took the wheel of a 4-ton truck and performed a test run, and thanks to the use of the torque converter technology we have developed with automatic transmission vehicles, I was able to confirm both powerful driving force at startup and when climbing hills, as well as smooth gear changes and acceleration without any jolt.

Moving forward, we will be engaging in discussions with customers, including about costs, but I feel that



I test-drove it myself to check the product's performance.

the product is shaping up as initially intended. Furthermore, in the drone business, mass production of drones and controllers for pesticide spraying operators is scheduled to begin in the United States from April next year.

In Japan, we entered the drone surveying service business this April by making Fuwadrone, a company with strengths in drone surveying and 3D measurement, a subsidiary. In addition, we conducted a water spraying demonstration with

firefighting drones at the National Firefighting and Rescue Technology Competition, and we are also making strides toward becoming a total drone solution provider.

In addition, the smart robot and general-purpose electric drive units have also been well received at exhibitions and events targeting factories and logistics companies. We have started receiving orders following visits and demonstrations to prospective customers, and sales are beginning to grow.

For all our products, we are REVOLUTION from the conventional passive stance to a more proactive approach.

### Fostering a REVOLUTION Mindset: "Beyond EXEDY"

In order to realize our Long-term Vision for FY2050, a "REVOLUTION" from the traditional ways of thinking that have long been the norm at our company is essential.

I believe it is important for each and every employee to consider: "What are I or my department working on now, how will we contribute to the Mid- to Long-term Strategy, what value are we providing, and does that value align with the company's direction?"—and to confirm the answers for themselves.

Therefore, we are enhancing dialogue with employees more than ever before and working to foster a mindset of REVOLUTION within the company. Since 2021, our company has been holding town hall meetings by division (approximately 200 participants from factories per session and 100 from administrative/indirect departments) to enable direct dialogue between management and employees. From 2024, Representative Director Senior Managing Executive Officer Toyohara and I have been communicating with all employees. However, given feedback that it is difficult to voice opinions due to the large number of participants, this fiscal year we halved the number of participants to around 50 per session (about 100 for factories), and conducted dialogue through a total of 29 on-site visits.

Additionally, to ensure that the management's intentions are clearly conveyed to all employees, I personally prepared the explanatory materials and invited questions freely without setting any specific themes. Furthermore, I believe that messages to employees should be straightforward and easy to understand, so I prominently used the phrase 'Beyond EXEDY' in an effort to break away from the conventions we've held until now.

At each session, more questions and opinions have been raised than ever before, and I feel a positive response.

However, there have also been some harsh opinions regarding management, and I reflect on the fact that there is still a lack of sufficient dialogue.

The opinions from employees have already been shared with all Executive General Manager, and as a countermeasure, we intend to promote multiple channels of dialogue, such as discussions between Executive General Manager and employees, as well as between General Managers and employees.



I regard strong opinions as "valuable feedback from employees expressing their true feelings," and I feel that even the usually quiet and passive employees have started to REVOLUTION little by little. In order to realize our Material Issues goal of "Creating a Company That Employees are happy to work," not only is the effort of management required, but also the proactive engagement of each and every employee is essential.

Going forward, through town hall meetings and similar opportunities, I will continue to seriously engage with employees, share my intentions, listen to their wishes, and work to create a company where we can all feel happy to work together.

In addition, our company holds an employee recognition ceremony at the anniversary event, and this year I named the grand prize the "Beyond EXEDY Award," which was presented to members of the Smart Robot Project.

They started development mainly with young employees in their twenties from the Production Engineering Department, and managed to bring the product to market in just two years and five months from zero, which I saw as embodying the "Beyond EXEDY" spirit.

Actually, I have memories of initiating the establishment of EXEDY America, which was liquidated last year. I was in my early thirties at the time. After hearing about the local production plan from our customer, I approached executives and key personnel in the relevant departments to formulate a launch plan that included a new factory. I even presented the proposal directly to then-President Adachi, and within about a year, we were able to secure the business.

It was a very exciting experience. Our company has set forth the Long-term Vision of becoming an "exciting and passionate company," but it is up to each employee to grasp that "excitement"



and "passion" themselves.

To that end, I will do my utmost to provide opportunities and create an environment, and work to instill the idea of 'Beyond EXEDY' throughout the entire company.

As a result, I aim to realize a "Ultra EXEDY" that surpasses the "Traditional EXEDY," and I want to REVOLUTIONize our company into one where employees can feel excitement and passion.

### Strengthening of corporate governance

Our company has identified 'Governance' as one of our Material Issues. As a concrete initiative, at the shareholders' meeting to be held in June 2025, we will reduce the number of directors from 12 to 7, and appoint 4 independent outside directors, making up the majority.

It has also been decided that the chairpersons of the Nominating Committee and the Compensation Committee will be chaired by outside directors.

Among the four outside directors, two have management experience in other industries, two have management experience in human resources, and two are women, making for a highly diverse group. The total number of directors is seven, which we consider to be an optimal composition for meaningful discussions.

We anticipate that the transparency and effectiveness of the supervisory function will continue to improve in the future, and that discussions will become even more active. In addition, this year, we invited our outside directors for the first time to participate in the "Executive Group Discussion (GD)", an intensive two-day retreat-style forum for discussing management issues. During the session, we received candid feedback such as: "Isn't the speed of creating and nurturing new businesses too slow? Shouldn't we prioritize which projects to invest funds and personnel in?", "Shouldn't we clarify our policies for developing and recruiting talent for new businesses?", and "We would like opportunities to get to know not only executive officers, but also general managers."

We are confident that such strengthening of corporate governance will become the driving force behind the REVOLUTION of our company.

### Conclusion

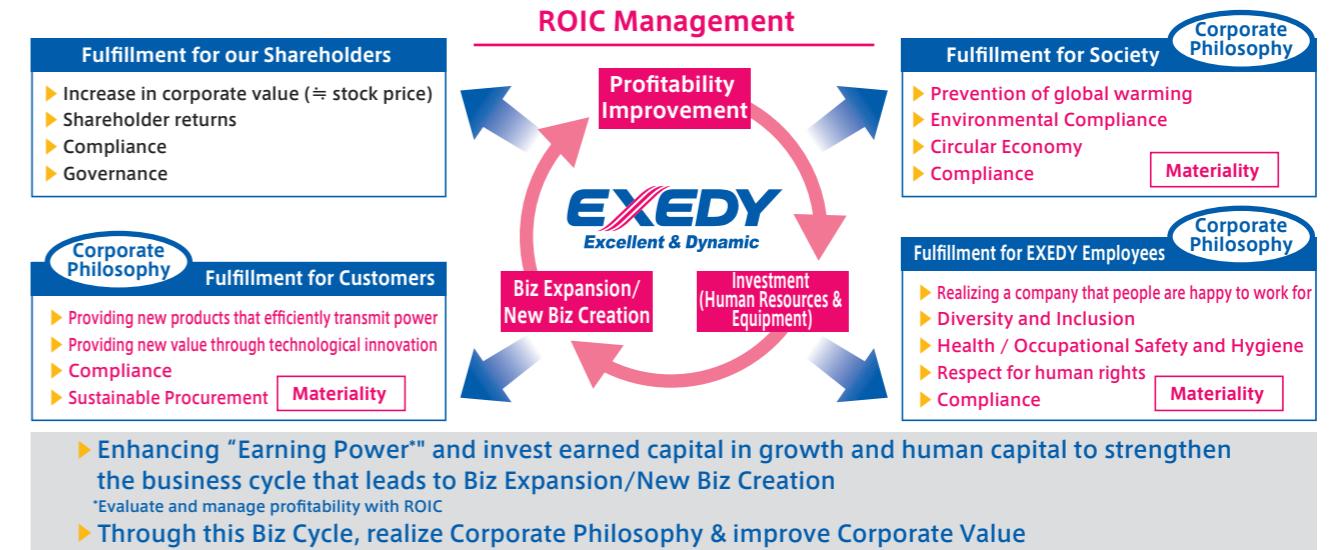
I will say this again, but my goal is to make our company a "company that continues to generate profit."

In order to realize "Creation of Fulfillment," which is our vision, we will firmly enhance our ability to generate profits and actively invest the profits earned into growth initiatives and human capital, thereby leading to further business expansion and the creation of new businesses.

I believe that creating a business cycle of repeated growth and reproduction is of utmost importance. The Fulfillment of employees, the Fulfillment of customers, the Fulfillment of society, the Fulfillment of shareholders. To create a self-reinforcing cycle—a so-called "spiral of Fulfillment"—that reproduces and expands these, our company will continue to undergo REVOLUTION.

Please look forward to "Ultra EXEDY," which will go beyond the Traditional EXEDY.

### EXEDY's Vision "Creation of Fulfillment (Realization of Corporate Philosophy and Materiality by Enhancing Earning Power)



# "Public IR"

by the director in charge  
of Corporate Strategy  
Promotion and IR



Representative Director, Senior Executive Managing Officer  
Executive General Manager of Corporate Strategy Promotion Headquarters

Hiroshi Toyohara

The following is a summary of the main questions received over the past year through dialogue with shareholders and investors, in the form of answers by Hiroshi Toyohara, Director of Corporate Strategy Promotion and Investor Relations.

**Q1** I have the impression that your company has not been active in IR in the past, but recently you have disclosed various initiatives and the current share price is strong (as of the end of October 2025). Please explain the background and aims of your various moves such as large-scale share buybacks and dividend increases since the dissolution of the capital alliance with AISIN CORPORATION (hereinafter referred to as AISIN) in May 2024.

**A1** I will explain in chronological order. AISIN and our company entered into a capital and business alliance in 2001, primarily aiming for collaboration to expand our businesses overseas, and since the 2010s, we have been working to expand our automatic transmission business. However, from around 2019, the trend toward electrification became irreversible, and the outlook for future business partnerships based on the expansion of the internal combustion engine business became increasingly uncertain, leading us to believe that the time might eventually come when they would be forced to sell our shares. In preparation for the coming timing, we announced our Long-term Vision in July 2021 and started various initiatives, such as establishing a new business division aimed at transforming our business portfolio and creating new businesses, as well as investing in domestic and international startups. As a result, in May 2024, the capital alliance with AISIN was dissolved, and all shares of our company held by the AISIN Group were put up for sale.

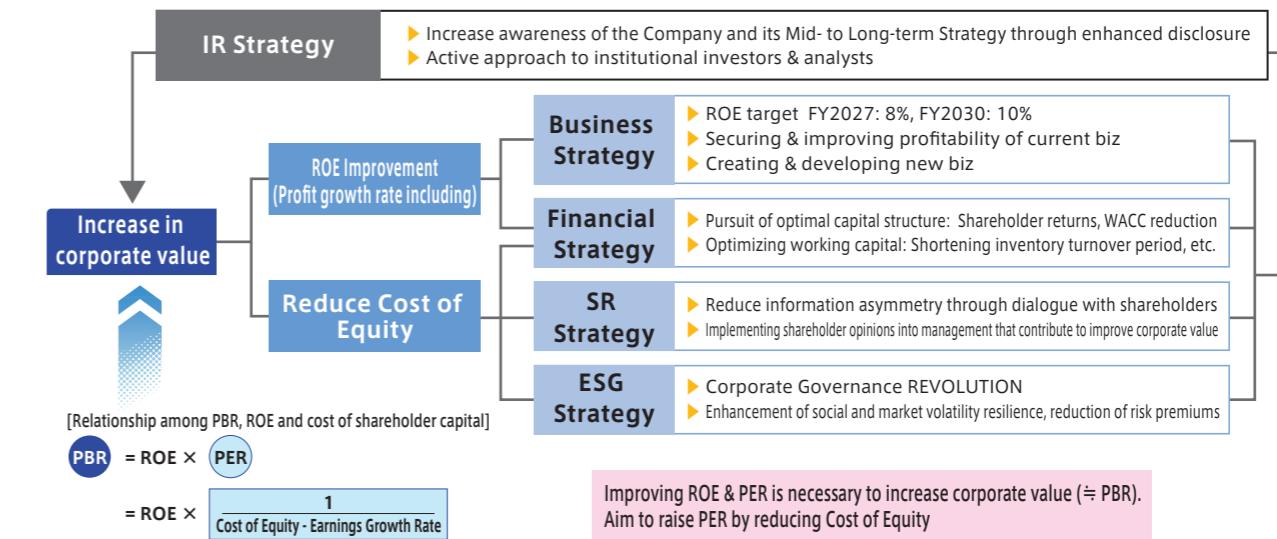
Although we had been preparing for this, the offering accounts for about 35% of the shares already issued, so there was a risk that it could negatively affect our share price. Therefore, in order for investors to fully understand our corporate philosophy, strengths, and overall value creation story, we have formulated and announced our Mid- to Long term Strategy towards FY 2030, along with the "Mid-Term Management Plan REVOLUTION 2026," which covers the first three years from FY 2024 to FY 2026. This is the background and the course of events that led to the dissolution of the partnership. It should be noted that AISIN is still a major customer of torque converters to our company,

and we continue to maintain a good relationship. Next, I will explain our company's basic approach to implementing the Mid- to Long-term Strategy. We aim to enhance corporate value by improving ROE and reducing the cost of shareholders' equity. As a measure to improve ROE, we are strengthening our earning power through business strategies and pursuing an optimal capital structure through financial strategies. As measures to reduce the cost of equity capital, we are lowering the WACC through our financial strategy, strengthening resilience to social and market fluctuations through our ESG strategy, and reducing information asymmetry with shareholders through our SR strategy. And, in line with our IR strategy, we intend to inform shareholders and investors of the progress regarding these four strategies through dialogue and disclosure, aiming to enhance corporate value.

**Q2** The offering by AISIN has significantly changed your company's shareholder structure. Did communication with shareholders have any impact on subsequent strategies?

**A2** We fully expected the shareholder composition to change. I rather saw this as a good opportunity and took various measures with the aim of improving the share price by REVOLUTION the capital structure in one fell swoop, taking into account the opinions of our major shareholders.

The first opportunity was the dialogue with a large foreign shareholder in June 2024. The shareholder pointed out that the main reasons for our P/B ratio being below 1x are low ROE and an excessively high equity ratio, and suggested that we reconsider our optimal capital structure, utilize financial leverage, and increase shareholder returns. Although we had clearly stated in our Mid- to Long-term Strategy that we would not further increase our equity capital based on a similar awareness of the problem, we had not yet had a sufficiently in-depth discussion on the optimal capital structure. Therefore, we recognized this proposal as one that



\* Our company estimates the cost of equity capital to be around 7-8%. Please refer to page 38 for the calculation formula.

would facilitate discussion of our capital policy, and we promptly shared this information with the Board of Directors.

In addition, for the first time, we conducted Shareholder Relations (SR) targeting all seven major shareholders. Five of the seven companies expressed the view that the capital adequacy ratio was too high, while the remaining two companies expressed the view that the current capital structure was appropriate because it was necessary to secure sufficient capacity for investment in growth in light of the future contraction of the internal combustion engine business. When we asked the five shareholders seeking to improve their capital adequacy ratios about specific shareholder return measures, four (passive investors) indicated that they would like to increase dividends, and one (active investor) indicated that he would like to buy back his own shares.

Taking into consideration the intentions of these major shareholders and their perception of the business environment, the Board of Directors held a series of discussions regarding the optimal capital structure and updated the financial strategy in October 2024.

Currently, we are steadily implementing various measures based on this financial strategy.

**Q3** Your aggressive shareholder return policy has been well received by the market. Can you tell us more about the financial strategy behind it?

**A3** First, we analyzed PBR and ROE trends: as of October 2024, ROE was below 5% if no action was taken, although it would improve from the previous year due to a significant decline in the AT business in FY2023 as a result of impairment losses in the AT business. As for PBR, it was still far from 1x, although it had recovered a little as the stock price rose.

Therefore, we decomposed ROE into Profit for the Period ratio on sales, turnover of invested capital, and financial leverage, and found that all of them need improvement.

We have decided to improve the Profit for the Period ratio by promoting our business strategy, and to improve the financial leverage and the turnover ratio of invested capital by pursuing an optimal capital structure.

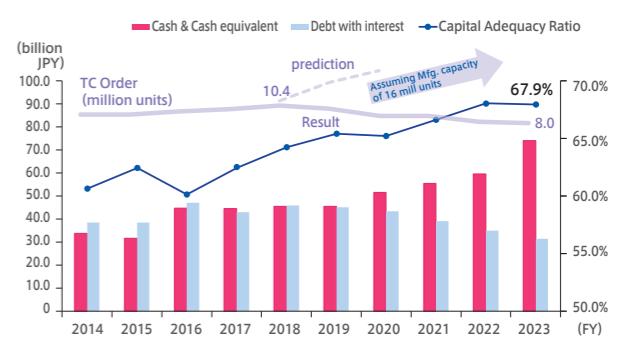
Our capital adequacy ratio has been consistently high since the mid-2010s, and the main reason for this has been our response to the large production increase of torque converters.

Around 2018, our group was making about just under 10 million torque converters per year, and in response to requests from customers to increase production, we repeatedly invested in capacity expansion to achieve a production capacity of 16 million units per year.

Although the torque converter business is large in terms of sales, it is low in terms of profitability and, moreover, has a long payback period due to the large amount of investment.

We have therefore decided that it is risky to finance our operations with other people's capital, so we

## Trends in Equity Ratio & Cash and Cash Equivalents

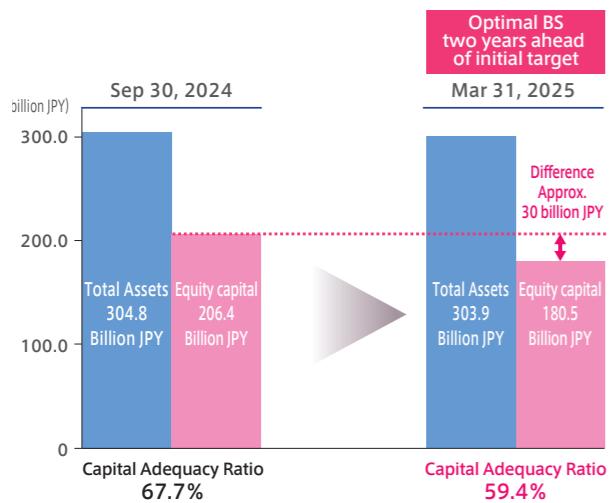


have been building up our surplus. However, after the coronavirus pandemic, production volume declined to a little less than 8 million units per year due to the shift to electric vehicles and other factors. After a series of discussions with investors and internal deliberations on the optimal capital structure, we analyzed the issue from three approaches: the balance sheet approach, the trade-off theory approach, and the rating approach. We concluded that a capital adequacy ratio of slightly less than 60% would be optimal. As of October 2024, total assets were 304.8 billion JPY and shareholders' equity was just under 210 billion JPY, so we decided that our target shareholders' equity should be 180 billion JPY, with the difference to be returned to shareholders.

Two methods were chosen: repurchase of treasury stock and dividend increase. The company repurchased an additional 30 billion JPY worth of treasury stock and increased its dividend forecast from 120 JPY for the full year to 200 JPY.

The dividend was further increased to 250 JPY in January 2025, and as a result, shareholders' equity at the end of March 2025 was 180.5 billion JPY, almost in line with the target.

### REVOLUTION to an appropriate capital structure

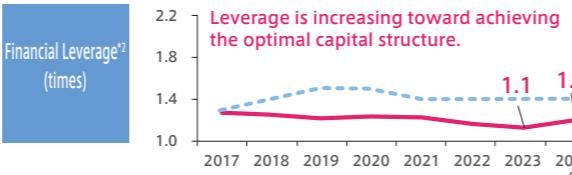
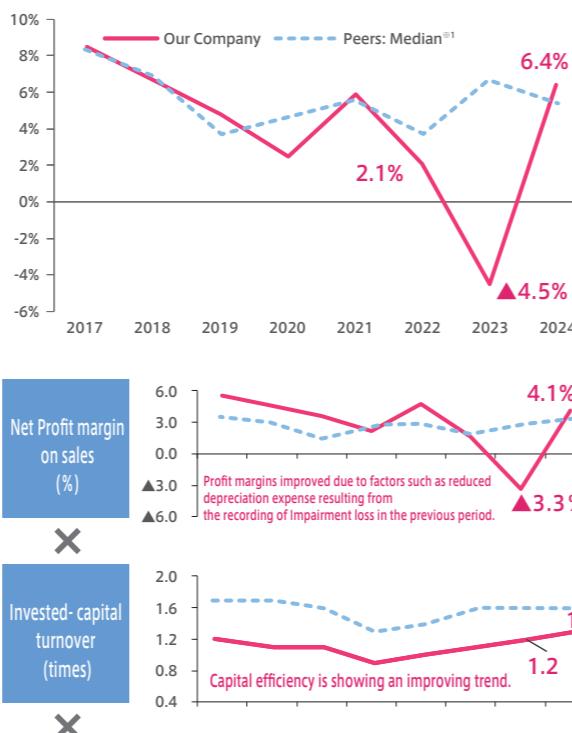


This decrease in shareholders' equity and the 22.8 billion yen increase in net income in FY2024 over the previous year due to a reduction in the amortization burden associated with the impairment loss on the AT business in FY2023, the impact of yen depreciation, and improved profitability at the U.S. subsidiary, resulted in ROE of 6.4%, up 10.9 points from the previous year, achieving the mid-term management plan target of 6.0% in the first year.

Given the positive results from the promotion of our Mid- to Long-term Strategy as described above, and the fact that we will continue to improve our "earning power," we have decided to bring forward our 8% ROE target from FY2030 to FY2027, and to revise our ROE target upward from 8% to 10% in FY2030.

During the period of the Mid-Term Management

### ROE Trends & DuPont analysis



Leverage is increasing toward achieving the optimal capital structure.

\*1:6 auto parts manufacturers categorized as transportation equipment and listed on the Tokyo Stock Exchange prime market

\*2 Calculated formula: Invested capital / shareholders' equity (average of beginning and end of the FY)

Plan, there are no plans to change the optimal capital structure, and there is no intention to increase capital beyond that point.

As a result, we have a policy of returning all profits to shareholders with a "total return ratio of 100%" and a minimum DOE of 5%.

In line with this policy, we have decided to increase our full-year dividend forecast from 250 JPY to 300 JPY for the current fiscal year.

Regarding capital allocation during the period of the Mid-Term Management Plan, based on the policy that the first priority is to create and nurture new businesses, we have secured a growth investment line of 30 billion yen and will flexibly invest funds in M&A as a strategic investment. In addition, in order to use cash for the acquisition of treasury stock to achieve the optimal capital structure mentioned earlier, we borrowed 30 billion yen through a syndicated loan in FY2024 to secure business funds.

In other efforts to improve capital turnover, we will reduce working capital and improve ROIC through enhanced monitoring of inventory and accounts receivable collection periods.

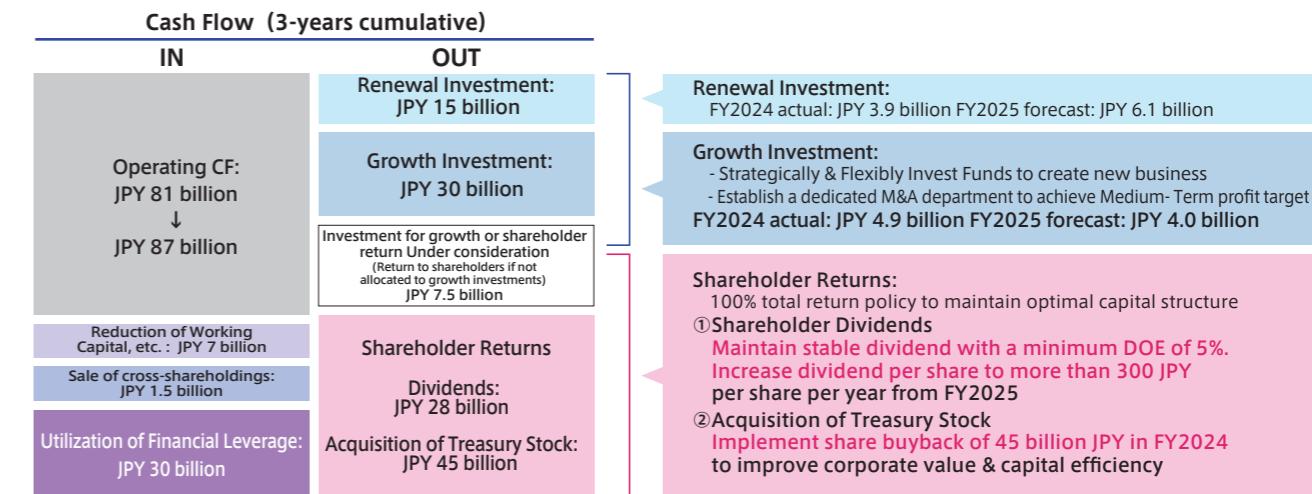
As operating cash flows have exceeded our initial expectations, we have updated this capital allocation

### Shareholder returns aimed at enhancing corporate value & capital efficiency

	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
Per Share Dividend	JPY60	JPY90	JPY90	JPY120	JPY250	Annual JPY 300 Or more	Annual JPY 300 Or more
	Mid-year: JPY30 Year-end: JPY30	Mid-year: JPY40 Year-end: JPY50	Mid-year: JPY45 Year-end: JPY45	Mid-year: JPY60 Year-end: JPY60	Mid-year: JPY100 Year-end: JPY150		
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%	DOE 5% as a lower limit	
Treasury Stock Acquisition	-	-	-	-	JPY 45 billion	Consideration based on changes in the business environment	

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

### Capital Allocation for FY2024-FY2026 (As of the end of October 2025)



in the financial results for the second quarter of FY2025.

**Q4** It was clear that the various measures taken in line with the financial strategy were successful and the P/B ratio exceeded 1x.

What do you see as the challenges ahead?

**A4** To be honest, I am of the opinion that we have done things that have raised the stock price and deserve to go up.

I am not satisfied with the current stock price. I feel that the measures I have just described have been well received, but the stock price has not been as high as I had hoped.

I believe this is because the market does not have confidence in the feasibility of our Mid- to Long-term Strategy. I believe it is important to ensure early gains in order to gain credibility.

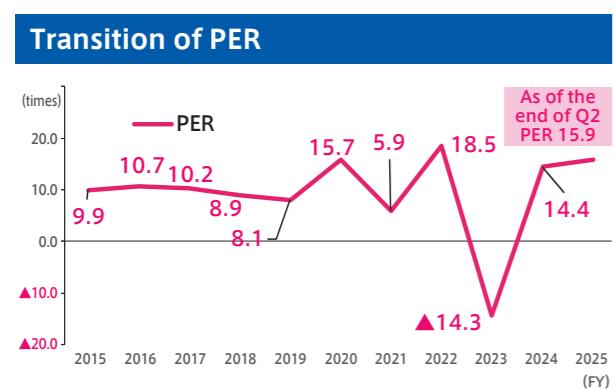
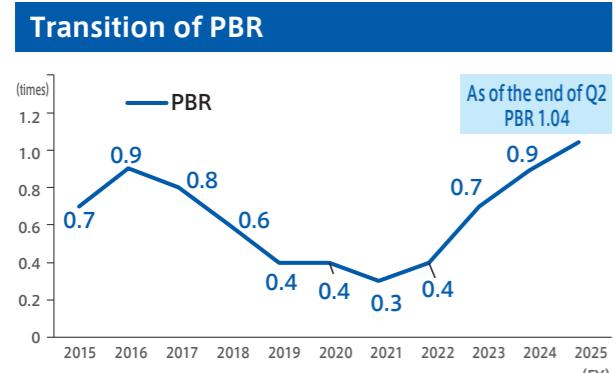
Since the capital policy has been implemented to some extent, we have set targets for each of our businesses based on the idea of how much R can be earned to achieve the ROE target, and are working on various measures to achieve these targets.

Sales from the new business will begin to be generated in the current and next fiscal years, but will not yet be profitable. Therefore, the profits required to achieve the ROE targeted by our company during this Mid-Term Management Plan period must be generated from core businesses.

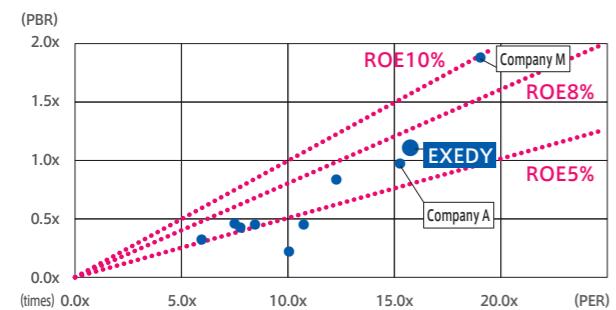
We set our target values based on an approach that calculates Net Profit from operating profit—derived by subtracting new Operating Profit development costs from the profits generated by our core OEM and aftermarket businesses—and then considers what the resulting ROE would be.

We had set an ROE target of 8% in our Mid- to Long-term Strategy toward FY2030, but we have raised it to 10% as we believe we should aim for an even higher level.

To achieve this, we will nurture new businesses and grow them to a level where they generate profits, while securing profits with our core businesses.



**Comparison of PBR and PER with other companies in the same industry<sup>\*1+2</sup>**



\*1: 10 auto parts manufacturers focusing on drivelines  
\*2: According to our own research (share price as of Oct 15, 2025)

**Q5** I understand that improving the profitability of our core businesses is key to achieving the ROE target.

Please tell me more about the important strategy for this purpose, 'achieving appropriate pricing.'

**A5** Regarding pricing, we have two concepts: passing on the selling price and achieving appropriate pricing. Passing on the selling price

means transferring the increase in steel material costs, labor costs, supplier personnel expenses, and other rises to the customer. A few years ago, we sometimes absorbed part of these increases ourselves, but the cost rises in recent years are now at a level that can no longer be absorbed through internal efforts. Therefore, we carefully inform our customers of our policy to pass on all increased costs, and we consult with them about it. Another aspect of forming an appropriate price is based on the idea of securing a certain level of profit in order to ensure the stable supply of torque converters.

Until now, annual price reductions based on the assumption that production volumes in the auto industry would continue to increase every year were considered standard.

However, even within our AT-related business, which currently accounts for 65% of our sales, the torque converter business is expected to decline in terms of unit volume.

Even in such circumstances, appropriate pricing is necessary in order to continue providing stable, high-quality products, and 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. I anticipated that this way of thinking would be considered unconventional in the automotive industry, so I took the time to carefully explain its significance to our sales representatives who are on the front lines of negotiations.

Currently, our sales representatives who have undergone a mindset REVOLUTION are consulting with customers to fulfill future supply responsibilities.

**Q6** As you work towards Achieving appropriate pricing, do you have any plans to further increase your global market share by, for example, taking over other companies' businesses?

**A6** 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.

**Q7** What is your future growth strategy for the "aftermarket business," another key strategy for improving profitability?

Are there different strategies for MT and AT?

**A7** Yes, 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.

**Q8** You mentioned that new businesses are necessary to exceed 8% ROE. What are your thoughts on investment decisions and withdrawal criteria?

**A8** 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 President

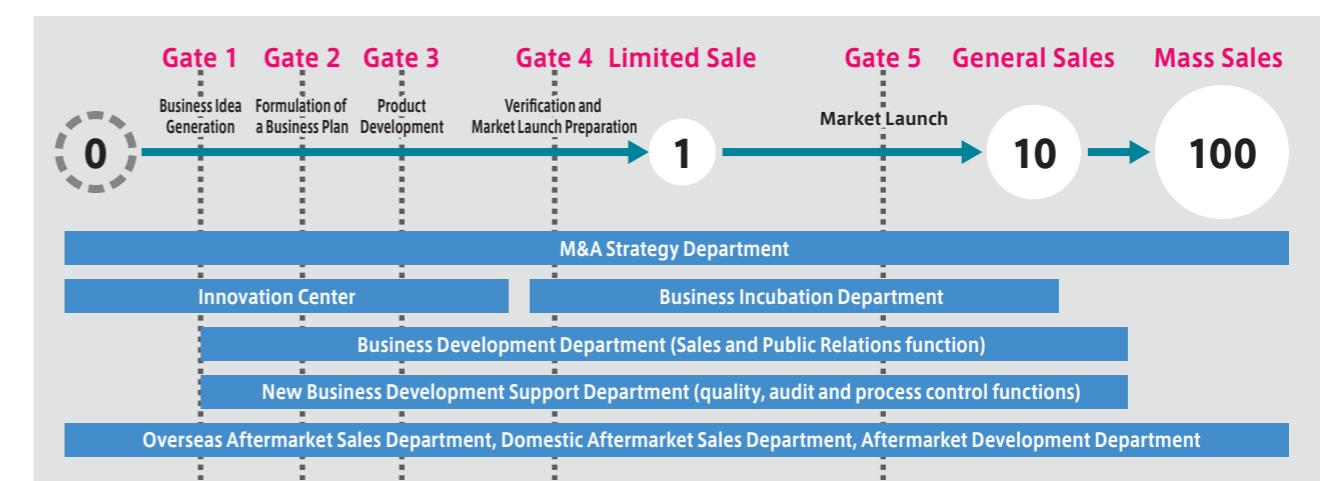
and CEO. The overall decision is based on 22 items, including value provided, commercialization plan, EXIT plan, and field test results. Furthermore, from the product development stage onward, we have adopted a project-based system, and evaluate projects based on business scale (sales of 5 billion JPY 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 President and CEO, 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.

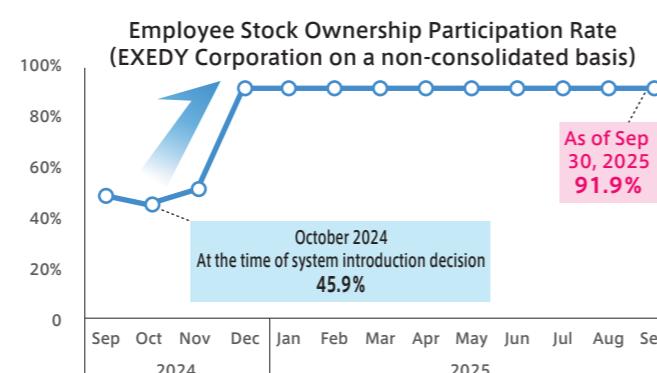
Regarding the new business, we are proceeding as mentioned above, but there are still many challenges. To address these, we established the Strategic Business Headquarters in the organizational restructuring implemented in April 2025, and we are working on improving the current stage-gate method as well as strengthening the management and supervision of the business performance of our investment destinations.

**Decision process for new business investment and Strategic Business Headquarters structure**



### Main initiatives related to the strengthening of Human Capital: Introduction of the restricted stock grant system for employee shareholding association

Purpose	①Expanding employee benefits as part of strengthening Human Capital ②Enhancing employees' awareness of participation in management ③Promoting the Mid-Term Management Plan (REVOLUTION 2026)
Target	Employees of EXEDY Corp who agree to this Plan
Number of shares granted	Approximately 1.26 million shares of our company's stock (494 shares/person)
Grant amount	Approximately JPY 5.9 billion (approximately JPY 2 million /person)
Payment due date	28 February 2025



- Introduced a stock grant program for all employees in anticipation of their determination to complete the Mid-Term Management Plan (This scheme is the first in Japan with a scale of JPY 1 million or more per person)
- As a result of the Representative Officer Director the policy intentions to all employees at 26 town hall MTGs, the employee stock ownership ratio increased to 91.9%.
- Shareholder ranking in the Employee Stock Ownership Plan increased from 10th (1.29% at the end of Sep 2024) to 6th (4.80% at the end of Sep 2025)

\* EXEDY Corporation on a non-consolidated basis as of the end of September 2025

**Q9** I have the impression that your company has changed a lot in the past two to three years. Have there been any changes in the attitudes of your executives and employees? Also, please describe your human capital initiatives.

**A9** 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, aggressive capital policies, and thorough price shifting. In addition, to motivate employees to achieve the Mid-Term Management Plan, we introduced the "Restricted Stock Grant Program for Employee Stock Ownership Groups," 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 April 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, we will redefine the roles required of management, select the next executive candidates while ensuring objectivity and transparency, and qualitatively monitor them. The Board of Directors then deliberates and determines eligibility through direct interviews with the candidates. We believe that having Mr. Hayashi, an outside director, serve as the committee chairperson will further enhance fairness and lead to stronger corporate governance.

Finally, through dialogue with our shareholders and institutional investors, we are promoting both financial and non-financial REVOLUTION that will lead to value creation. We would very much appreciate the opportunity for further dialogue and objective suggestions that would contribute to the PDCA cycle of management.

Information:  
We will continue to strengthen our dialogue with shareholders and investors.  
If you are interested, please contact the ESG and IR Promotion Department of EXEDY Corporation.  
IR Contact: [info@exedy.com](mailto:info@exedy.com)

# SR Strategy/IR Strategy

Since April 2024, we have established an IR system and actively engaged in dialogue with our shareholders and investors. The Board of Directors then shares the requests received during the dialogue, discusses them based on them, and reflects in management those that are judged to contribute to the enhancement of our medium- to long-term corporate value. The specifics of these are listed on the following pages and beyond.

## SR & IR Strategy

SR Strategy	In order to reduce the cost of shareholders' equity, we will strive to reduce information asymmetry by expanding dialogue with shareholders, and increase investor confidence in our company's performance by implementing shareholder proposals in management that contribute to improve corporate value.
IR Strategy	To improve the volume of our stock and revolution the composition of our shareholders (the ratio of individual shareholders is excessive compared to other companies in our industry), we will expand disclosed information and proactively approach fundamentally-oriented institutional investors and analysts who are oriented toward medium- to long-term holdings.

## PDCA in Management

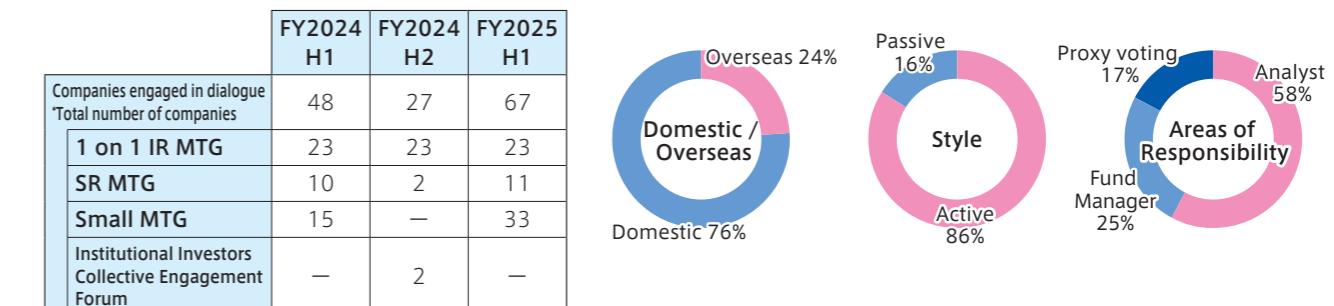
Directors' and management meetings include discussions to enhance management practices.

## SR & IR Structure

Officer in charge: Representative Director & Senior Executive Managing Officer Department in charge: ESG · IR Promotion Dept. (2 dedicated staff)

Main Correspondents	President and CEO	Representative Director & Senior Executive Managing Officer	Senior Group Manager of Sustainability Group & General Manager of ESG/IR Promotion Department
Financial Results Briefing	●	●	
SR MTG	●	●	
IR Small MTG		●	
IR 1on1MTG			●

## Overview of dialogue with shareholders & investors in FY2024 H1



## FY2024 - FY2025 H1 Summary of shareholder dialogue and initiatives

Issue (As of End of March 2024)	Main Suggestions from 7 major Shareholders (in June—September 2024)	Updated Financial Strategy (in October 2024)	Results (As of End of September 2025)
Continuation of PBR less than 1 <PBR: 0.7 times>	ROE Improvement: 7 shareholders	Updating Financial Strategy to achieve ROE goals (FY 2026 6%)	Achieve FY2026/ROE target "2 years ahead of schedule" (ROE: 6.4%) PBR: improved to 1.04x <sup>1</sup>
ROE below shareholder capital cost <Equity Ratio: 67.9%>	Formulation of Balance Sheet (BS) policy: 7 shareholders	Calculated the optimal equity ratio (60%) and formulated an achievement policy by the end of FY 2025.	Optimal BS is established "one year ahead of schedule". (Capital adequacy ratio: 59.4%, JCR rating: A+ maintained <sup>2</sup> )
Decrease in torque converter demand due to BEV shift	Review shareholder returns	Reviewed the medium-term plan & capital allocation incorporating financial leverage utilization based on various shareholder preferences & cash flow	Mobilized funds through the utilization of financial leverage (JPY 30 billion) & working capital compression to implement the following: Increased Dividend (from JPY 120 to over JPY 300 <sup>3</sup> )
	Increased Dividends: 4 shareholders Not Necessary (Focusing on growth investment): 2 shareholders Share Buyback: 1 shareholder		Securing Growth Investment Funds (JPY 30 billion) Additional Share Buyback JPY 30 billion (total JPY 45 billion)

<sup>1</sup> As of the end of Q2 2025, <sup>2</sup> Announced on Apr 7, 2025, <sup>3</sup> Forecast for FY2025

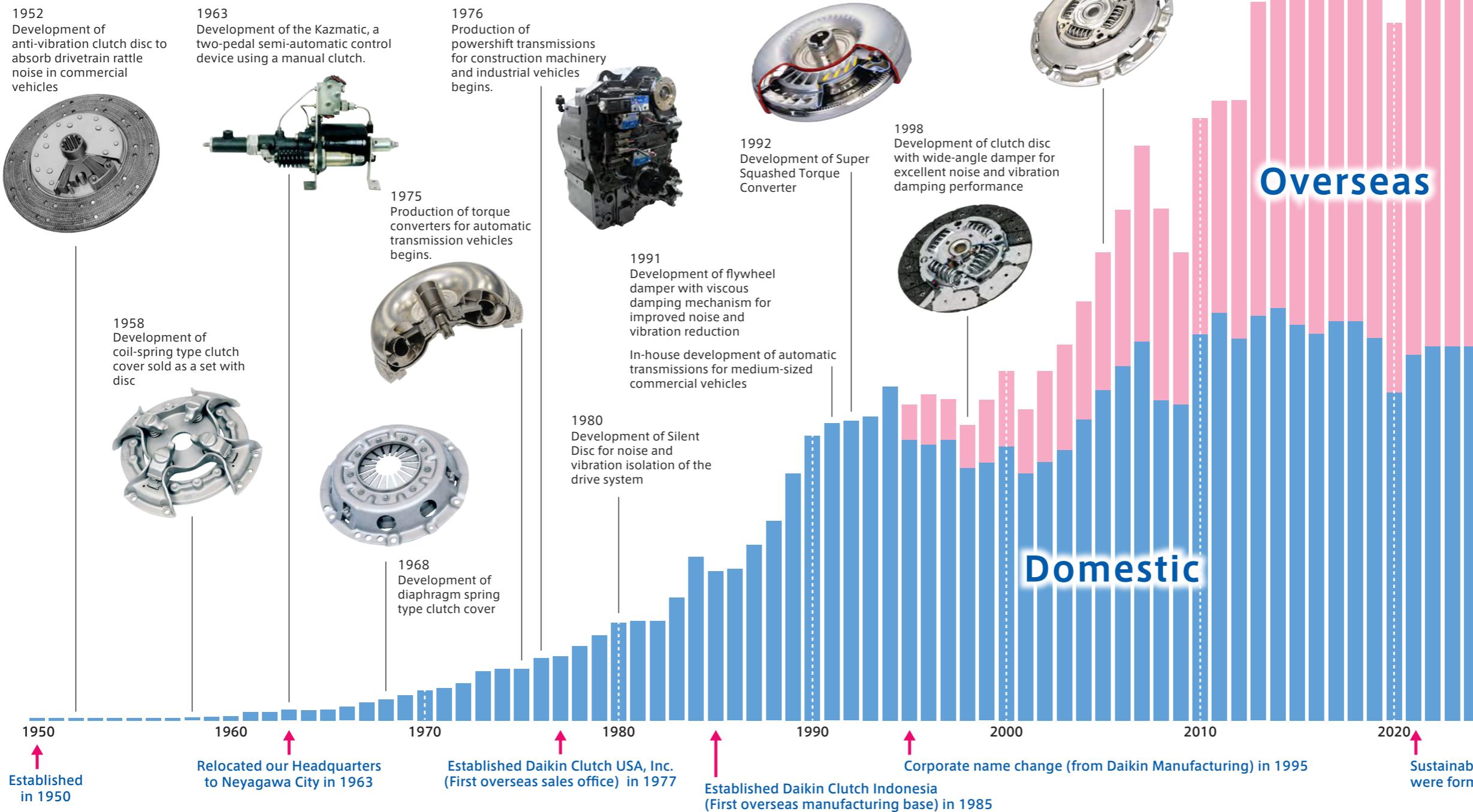
# SR Strategy / Main Advice from major shareholders

(data) item	Advice	Correspondence
ROE Optimal capital structure	① ROE improvement (7 shareholders) ② Raising ROE targets (3 shareholders) · Aim for ROE of 10% or more (can be after FY 2030)	①② Recently decided to bring forward and raise the ROE target for FY2030. (FY2027) 8% (FY2030) 10%
	Requests to improve Operating Profit margin in OEM business (2 companies) ~ Negotiations for appropriate selling prices, including	In the automotive industry, where annual price reductions are the norm, "negotiations on the optimization of selling prices" is an unusual proposal, so we will discuss it at the directors' camps to be held in September and December 2024. In addition, the senior managing director of the company will directly talk with sales representatives to change their mind-set, and will begin to explain our company's situation to customers from January 2025, as it is essential for us to gain their understanding regarding the optimization of selling prices in order to fulfill our supply responsibility as our business shrinks in line with the shift to BEVs. Currently, we are negotiating with our customers on this matter.
	Balance sheet approach to improving ROE (especially capital adequacy level) & how to achieve it should be considered (7 companies)	In October 2024, the optimal capital adequacy ratio (68 → 60%) & the method to achieve it (dividend increase & additional share buyback of 30 billion JPY) were decided. <b>April 2025, optimal capital structure already achieved</b>
Shareholder Returns Policy	To achieve an optimal capital structure, we would like to see the following and increased shareholder returns  ① Increase in dividends (4 shareholders: Domestic/Passive investors) · Dividends should be at a high level to optimize the capital ratio. ② No need for review (2 shareholders: Domestic/Passive investors) · Our company is in a period of growing new businesses. Now is not the time for expanding shareholder returns. ③ Share Buyback (1 shareholder: Overseas/ Active Investor) · The company should set a target equity capital amount, and any excess capital should be used to repurchase shares.	As a way to achieve the above "optimal capital structure", <b>we decided to review our shareholder return policy in October 2024</b> , based on a comprehensive assessment of cash flow & various shareholder proposals. Dividend increase & additional share buyback already executed.
	Reinforcement of commitment to lower limit dividend (2 companies)	<b>October 2024, DOE introduced to shareholder return policy.</b> (October 2024) Aim for DOE of 4%. (April 2025) Aim for DOE of 5%. (October 2025) DOE 5% as a lower limit.
Governance System	① Separation of monitoring and execution to strengthen governance & speed up execution (1 company) ② Improve effectiveness of nominating and compensation committees (3 companies) ③ Linking executive compensation to KPIs (3 companies) ④ Increase in Director ownership of company stock (1 company)	<b>In the first half of FY2025 ① ~ ③ have already been addressed (for details, see page 32 of the financial results for the second quarter of FY2025).</b> ① Streamlining the Board of Directors (from 11 to 7) and increasing the number of outside directors to a majority will strengthen governance and increase execution speed. ② Appointment of outside directors as chairpersons of both committees, and the respective secretariats as the Personnel Affairs Department and the Human Resources & Organization Development Department, with duties and authority being reorganized. ③ ROE has already been determined as a KPI to be linked to executive compensation.

(data) item	Advice	Correspondence
Business Strategy	Disclosure of information to ensure the probability of sales and profit targets for FY2030 (sales and profit targets by segment, etc.) (3 companies)	<b>Already disclosed in the financial results for the second quarter of FY2025.(P.8 ~ 9)</b>
	Request for enhanced disclosure regarding the following factors that make EXEDY's stock price undervalued (1 company) ① Since future profit growth is not believed, the forecast of profit amount by business for FY2030 target should be disclosed. ② It is necessary to show the maximization of residual benefits of existing businesses as an achievement. Realization of price increases for AT products and disclosure of the results	<b>① Already disclosed in the financial results for the second quarter of FY2025.(P.8 ~ 9)</b> ② As mentioned above, we started explaining our situation to our customers in sequence from Jan 2025. Negotiations are currently underway with the customer.
	Information to ensure the probability of sales targets for new businesses should be disclosed (3 companies)	<b>Information related to new business &amp; 5 projects already disclosed in October 2024</b> (Sales target including)
New business	Disclosure of rules for growth investments (2 companies) -Investment criteria, exit rules, etc. for new businesses and M&A	Already disclosed in the "Integrated Report 2025" (P. 47).
Governance	Disclosure of Nominating and Compensation Committee activities (2 companies)	Already disclosed in the "Integrated Report 2025" (P. 84-87,93).
	Disclosure of the following information pertaining to outside directors ① Activities (2 companies) ② SR interviews (2 companies)	<b>① Already disclosed in the Integrated Report 2024</b> (P. 82-85) ② Considering disclosure in Integrated Report 2026 to be issued next year
Human capital	Disclosure on Employee Satisfaction Surveys ① Analysis results & countermeasures (1 company) ② Correlation with improve corporate value (1 company)	<b>①② Already disclosed in the Integrated Report 2024</b> (P. 51-52)
Financial Results	Disclosure of supplemental materials incorporating factors for profit increase/decrease and business and geographic segment matrices for each quarter (2 companies)	Already started to respond from the first quarter of March 2026
Internal Reporting	Disclosure of whistleblower performance (1 company)	Already disclosed in the <b>Integrated Report 2024</b> (P. 97)
Stock Compensation for Employees	Consideration of creating a mechanism for employees to become major shareholders over the medium to long term through the granting of acquired treasury stock to employees (2 companies)	To strengthen human capital and foster employees' awareness of management participation, we introduced a <b>Restricted Stock Incentive for Employee Shareholding Association</b> in February 2025.(as of Sep 30, 2025, the plan ranked No. 6 in terms of shareholder ranking). (as of Sep 30, 2025, the plan ranked No. 6 in terms of shareholder ranking).

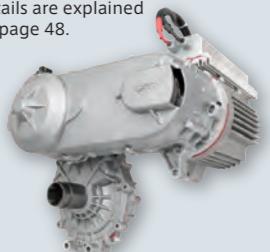
# Milestones in Value Creation

Since it was established in 1950, the EXEDY Group has developed and delivered products to meet various customer needs (noise and vibration reduction, fuel efficiency improvement, lightweight/compact design). Furthermore, since establishing its first overseas sales office in 1977, the company has actively expanded globally. Now, it has 52 companies in 25 countries. By using its core strengths—top-quality manufacturing, advanced technological development capabilities, and a strong customer network—it has established a solid global position as a leading manufacturer of clutches and torque converters. Currently, leveraging the core technologies of friction, vibration, and fluids cultivated through the development of drivetrain parts, we aim to "make the movement of people and things more comfortable." Also, we are advancing new product development in line with decarbonization and changes in lifestyle.



## Next-Generation Products and Electrified Products

Details are explained on page 48.



Drive Unit for 2-wheel / 3-wheel BEV



Drone



Wide Range Drive System for BEV



Electric Assist Unit



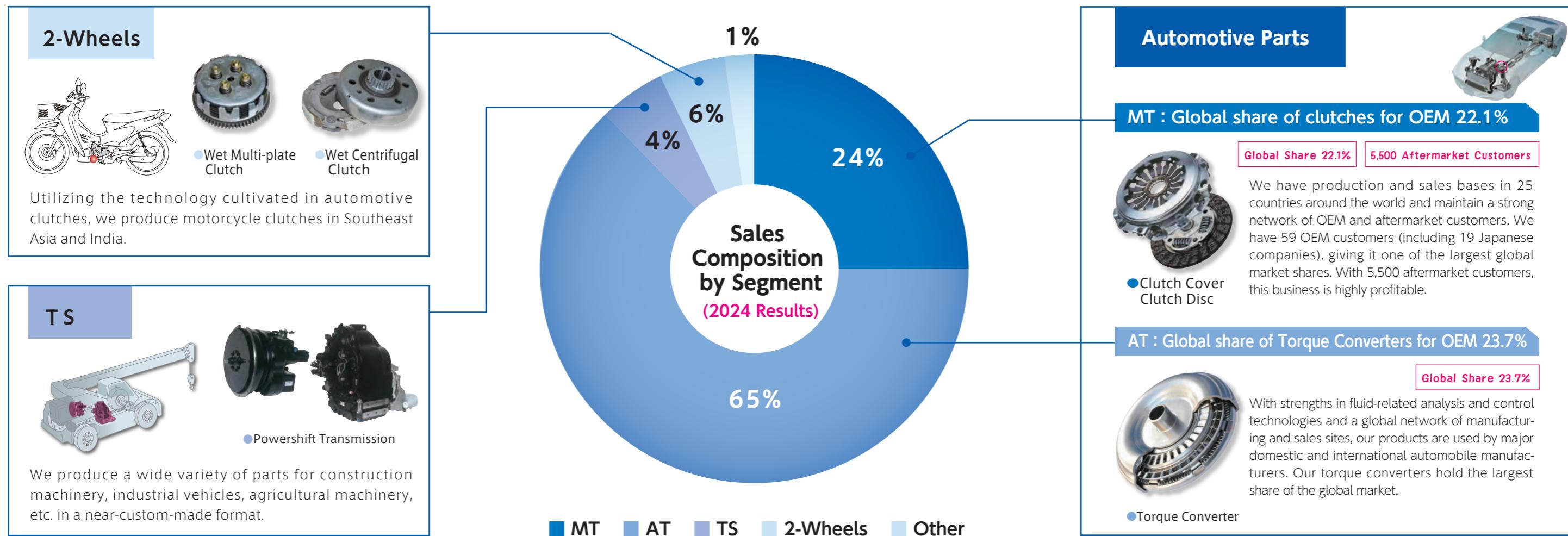
Smart Robots

Founding Period	Building Trust with Domestic and International Automakers and Expanding Overseas	Growth through Globalization	Challenge to New Business
1950	1960	1970	1980

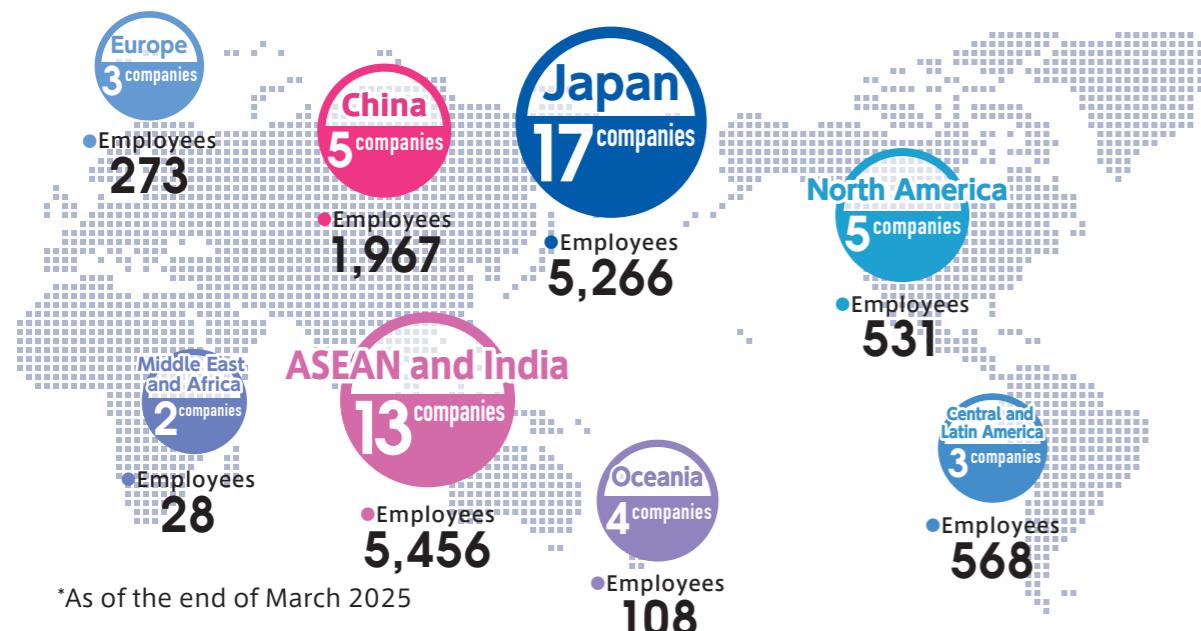
1990	2000	2010	2020
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# At a Glance

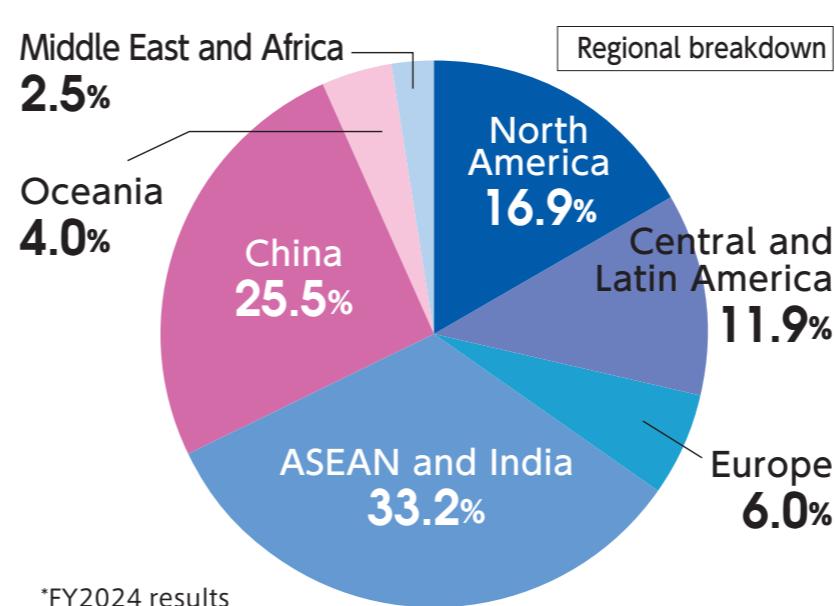
We are a comprehensive manufacturer involved in everything from development to production of drivetrain parts for automobiles, motorcycles, construction machinery, industrial vehicles, agricultural machinery, and other applications, and we operate globally with 52 companies in 25 countries around the world. As of the end of Mar 2025, automotive parts (MT & AT) account for approximately 90% of sales, boasting a world-class market share, with about 5,500 customers for after-sales business.



## EXEDY Group: 52 companies



## EXEDY Group overseas sales ratio 60.1%



## Major Clients \*The Order of the Japanese Syllabary

AISIN CORPORATION	Mazda Motor Corporation
ISUZU MOTORS LIMITED	MITSUBISHI MOTORS CORPORATION
JATCO Ltd	Mitsubishi Fuso Truck and Bus Corporation
SUZUKI MOTOR CORPORATION	Mercedes-Benz
Subaru Corporation	Yamaha Motor Co., Ltd.
General Motors	UD Trucks Corporation
DAIHATSU MOTOR CO., LTD.	Toyota Motor Corporation
	Nissan Motor Co., Ltd.
	Hino Motors, Ltd.
	Hyundai Motor Company
	Ford Motor Company
	Honda Motor Co., Ltd.

# Three Strengths That Realize Value Creation

In the process of value creation, we have built three strengths: "Top-quality Manufacturing", "Technological Development Capabilities" and "Customer Network".

We are currently working to create new businesses by applying these strengths.

## Top-quality Manufacturing

A solid production system that flexibly responds to customer requests and achieves "zero defects"

### (1) Company-wide Zero-Defect Activities

Since automobile accidents directly affect human lives, defective automobile parts are absolutely unacceptable. Our group strives to improve development quality by managing the transition between stages from development to mass production, and also promotes ASA ZERO activities after mass production, which are activities to resolve defects that occur during the process with multiple functions. In addition, our in-house developed IoT system (EX-PRESS) enables us to collect quality records and manufacturing conditions globally, which we use to improve quality across the entire group.



Japan



China



Indonesia

### (2) Production Technology Capabilities that Meet Customer Needs

Our group not only assembles products, but also processes the components and produces friction materials, which are the core of power transmission and interruption, in-house. Furthermore, by designing and manufacturing the molds, jigs, and equipment required for this process ourselves, we are able to realize a wide variety of product specifications related to design, function, etc. The technology we have cultivated over the years has been organized as EXEDY technical standards in the fields of design, production engineering, and quality control, and by providing feedback on the latest results through our IoT system, we are able to realize speedy process design.

### (3) A global production system that enables stable supply

Our group has production bases in 11 countries around the world, and we have established a global supply system in which all bases have process settings at the same level as in Japan. This allows us to establish an in-house BCP system, enabling alternative production and mutual complementation between our bases.

## Technological Development Capabilities

Solid technological development capabilities to continue meeting the needs of customers around the world

### (1) Core Technologies (Friction, Vibration, Fluid)

Our group has applied and utilized our proprietary friction, vibration, and fluid technologies to develop products such as clutches and torque converters that meet customer needs. These core technologies are supported by fundamental technologies that have been developed through the accumulation of know-how over many years.

### (2) Basic Technologies (Materials Technology, Analysis Technology, and Reliability Evaluation Technology)

The core technologies mentioned above are supported by fundamental technologies, which consist of materials technology, analysis technology, and reliability evaluation technology. Materials technology is the technology that allows us to correctly understand the properties of materials and utilize them appropriately, while analytical technology is the technology that allows us to elucidate the mechanisms of fluids, vibrations, structures, and mechanisms. We are currently working on drone business, which is being undertaken as a new venture, and are leveraging the fluid technology we have cultivated in the development of torque converters to deepen our analytical technology for the airflow of drone propellers and other components. Reliability evaluation technology is a technology that can reproduce any phenomenon according to the conditions of use. As a specialist manufacturer of drivetrain parts, we have a wide variety of testing equipment, and by taking advantage of this strength, we are working to improve the reliability of our simulation technology, propose products to customers, and engage in model-based development using simulation models.

### (3) A global development system that handles everything from planning to mass production

In order to respond to the different regional needs of our customers, we have established development bases (9 bases in total) not only in Japan (2 bases), but also in North America (1 base in the U.S.), Europe (1 base in the UK), China (2 bases), ASEAN (2 bases in Thailand), India (1 base), and have the resources to carry out development and evaluation on a par with that of the head office. We are able to provide stable quality and detailed technical services to customers around the world. In addition, by providing a one-stop service from planning to development, prototyping, and mass production, we are able to provide top-quality mass-produced products and shorten delivery times. Accumulating development know-how within the group leads to better planning proposals.

## Customer Network

Global sales network for OEM transactions and repair parts business with manufacturers around the world

### (1) Transactions with Automobile, Motorcycle, and Construction Equipment Manufacturers in Japan, China, Europe, Asia and the United States (OEM products)

As an independent manufacturer, we are not tied to a specific manufacturer, and we supply clutches, torque converters, and other products to automobile, motorcycle, and construction machinery/industrial vehicle/agricultural machinery manufacturers around the world. We have OEM transactions with almost all automobile and motorcycle manufacturers in Japan, and have a system in place to meet our customers' requirements. Also, for non-Japanese companies too, we provide OEM products to major manufacturers in North America, Europe, China, India, and South-east Asia (over 50 companies). In particular, for both clutches and torque converters, we have a top-level market share worldwide.

### (2) Global Sales Network (Aftermarket Business)

With the establishment of Daikin Clutch USA in 1977, we have expanded our aftermarket business. As of the end of March 2025, the total number of customers was approximately 6,700, of which the number of customers involved in the aftermarket business increased to more than 5,500.

#### ● Expansion of our network of bases

We have 22 companies in 11 countries (sales companies & manufacturing sales sites) around the world, and have worked to popularize and promote our brand through participation in exhibitions around the world. In January 2023, we acquired a major company that manufactures replacement parts for automatic transmission vehicles, and will expand our supply to Asia, the Middle East, Latin America, and other regions where growth is expected.

#### ● Effective use of digital tools

In the after-sales business, we are focusing on web and cloud management and app development with the aim of improving marketing and customer satisfaction. We also utilize information sharing tools for important catalogs and expanding our product lineup. Additionally, we have established an ordering system called EXEDY Express Delivery (EED) to provide products to domestic and overseas markets, enhancing our immediate delivery system. With this system, the ordering party can check various shipping information on their computer screen.

# Recognition of Business Environment • Key Material Issues • What we aim for

The world is undergoing rapid changes, including international cooperation to prevent global warming, the growth of emerging economies, and the reduction of the labor force due to declining birth rate and aging population. The automotive industry is also undergoing a once-in-a-century transformation, driven by advances in CASE as a result of the evolution of IoT and AI. EXEDY used the PEST analysis method to forecast the future, identify risks and opportunities, and derive our priorities and objectives.



Politics	Economy	Society	Technology
<ul style="list-style-type: none"> <li>International cooperation for the prevention of global warming</li> <li>Government regulation of greenhouse gas emissions</li> <li>Expansion of geopolitical risks</li> <li>Legislation to strengthen efforts to address human rights and environmental issues in the supply chain</li> </ul>	<ul style="list-style-type: none"> <li>Growth of emerging economies, and further global diversification</li> <li>Changes in car ownership patterns, such as "car sharing"</li> <li>Strengthening of ESG information disclosure rules</li> </ul>	<ul style="list-style-type: none"> <li>Reduction of labor force due to worldwide declining birth rates and an aging population</li> <li>Progress in diversity initiatives</li> <li>The advancement of the replacement of work by AI, robots, etc., and the transformation of perspectives on work</li> <li>Growing demand for stronger corporate governance</li> </ul>	<ul style="list-style-type: none"> <li>Technological innovation in new technologies (IoT, AI, etc.) and their implementation in society</li> <li>Acceleration of connected technology</li> <li>Evolution of charging and storage technologies, including electric vehicles</li> </ul>
<ul style="list-style-type: none"> <li>Decrease in sales due to suspension of internal combustion engine vehicles</li> <li>Increase in direct costs associated with introduction of renewable energy.</li> <li>Loss of customers and investors due to failure to address human rights and environmental issues</li> </ul>	<ul style="list-style-type: none"> <li>Decline in automobile sales due to shift to sharing economy.</li> <li>Divestment due to lack of ESG initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Shortage of labor force</li> <li>Deterioration in turnover due to lack of response to diversity issues</li> <li>Deterioration of management due to lack of governance</li> </ul>	<ul style="list-style-type: none"> <li>Decrease in sales due to shift from internal combustion engine vehicles to electric vehicles</li> </ul>
<ul style="list-style-type: none"> <li>Increase in sales due to higher demand for products for BEV and HEV</li> <li>Further increase in demand for energy-saving products</li> </ul>	<ul style="list-style-type: none"> <li>Sales increase due to expansion in emerging markets</li> </ul>	<ul style="list-style-type: none"> <li>Generation of technological innovation by diversifying human resources.</li> <li>Establish a strong management foundation through enhanced corporate governance</li> </ul>	<ul style="list-style-type: none"> <li>Sales increase from new product development through technological innovation</li> </ul>
<ol style="list-style-type: none"> <li>Prevention of global warming</li> <li>Respect for human rights</li> <li>Environmental Compliance</li> <li>Sustainable Procurement</li> </ol>	<ol style="list-style-type: none"> <li>Providing new products that efficiently transmit power</li> <li>Circular Economy</li> </ol>	<ol style="list-style-type: none"> <li>Realizing a company that people are happy to work for</li> <li>Diversity and Inclusion</li> <li>Governance</li> <li>Compliance</li> <li>Health / Occupational Safety and Hygiene</li> </ol>	<ul style="list-style-type: none"> <li>Providing new value through technological innovation</li> </ul>
<ol style="list-style-type: none"> <li>③ Contribute to minimizing the environmental impact, including creating a carbon-free society</li> <li>③④ Promote business activities that take into consideration social issues such as the environment and human rights together with suppliers</li> </ol>	<ol style="list-style-type: none"> <li>① Expanding products that contribute to decarbonization and creating and providing new value</li> <li>② Contribute to minimizing environmental impact</li> </ol>	<ol style="list-style-type: none"> <li>① Creating an environment that encourages growth and challenge</li> <li>②⑤ Expanding systems to allow diverse employees to work with peace of mind</li> <li>③④ Strong governance and shared values between management and employees</li> </ol>	<ul style="list-style-type: none"> <li>Creating new value in existing business domains &amp; creating new value in new business domains</li> </ul>

## What our company aim for

### What our company aim for, derived from the above recognition of business environment, is as follows.

"Contribute to minimizing the environmental impact, including creating a carbon-free society", "Promote business activities that take into consideration social issues such as the environment and human rights together with suppliers", "Strong governance and shared values between management and employees", "Creating new value in existing and new business domains", "Expanding systems to allow diverse employees to work with peace of mind", "Expanding products that contribute to decarbonization"

# Long-term Vision

Based on our key material issues and goals derived from our recognition of the business environment, and our corporate philosophy, "fulfillment for society", "fulfillment for our customers", "fulfillment for our employees", EXEDY has formulated a "long-term vision" and "slogan" through deliberation at the Board of Directors.

In addition, we have set SDG goals to which we can contribute through business activities aimed at realizing this Long-term Vision.

**slogan**

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

"Drive" means "to actively move ourselves" and "our" means "all stakeholders, including ourselves". It embodies the desire to take initiative and drive our future that includes society, customers, and employees.



Priority Issues (Materiality)	Long-term Vision (The vision we aim to achieve by FY2050)		Related SDGs
	Our Approach and the Way Forward		
Initiatives Toward the Creation of Fulfillment	<ul style="list-style-type: none"> <li>Prevention of Global Warming</li> <li>Environmental Compliance</li> <li>Circular Economy</li> </ul>	<p>Contribute to the minimization of the environmental impact including the creation of a decarbonized society (fulfillment for society)</p> <p>Establish a manufacturing system that is carbon neutral and minimizes environmental impact</p>	
	<ul style="list-style-type: none"> <li>Provide New Products That Transmit Power Efficiently</li> <li>Offer New Value Through Technological Innovation</li> </ul>	<p>Create and deliver new value to customers (fulfillment for our customers)</p> <p>Create new products that efficiently transmit power in addition to those that make the transportation of people and goods more comfortable</p>	
	<ul style="list-style-type: none"> <li>Creating a Company That Employees Are Happy to Work</li> <li>Promotion of Diversity and Inclusion</li> <li>Safety and Health</li> <li>Respect for Human Rights</li> </ul>	<p>Be an attractive company where people can feel excitement and passion (fulfillment for our employees)</p> <p>Develop an environment that actively encourages challenges and proposals that stimulate growth</p>	
	<ul style="list-style-type: none"> <li>Compliance</li> <li>Governance</li> <li>Sustainable Procurement</li> </ul>	<p>Maintain a stable management structure based on strong governance</p> <p>Comply with the laws and regulations of each country and region and maintain high ethical standards</p> <p>Improve fairness and transparency of the Board of Directors</p> <p>Strive to share values and aim for a bottom-up business foundation</p> <p>Promote business activities that take into consideration social issues such as the environment and human rights together with suppliers</p>	
Improvement of Business Foundation			

## In order to achieve the above Long-term Vision, our company group is working as follows.

- About "Contribute to minimizing the environmental impact, including creating a carbon-free society", we are taking on the challenge by expanding our product lineup and establishing a production system.
- About "Creating and providing new value", we are focusing and investing management resources intensively in new product development in both existing and new businesses.
- About "Be an attractive company where people can feel excitement and passion", we are creating an environment where employees can grow and expanding systems that allow them to work with peace of mind.
- About "Maintain a stable management structure based on strong governance", we are further improving governance and promoting business activities that consider environmental issues in collaboration with suppliers.

# Key Performance Indicators (KPIs)

Key Performance Indicators (KPIs) and long-term target (for FY2030 and 2050) related to the Long-term Vision are set through deliberation at the Management Committee and the Board of Directors. In addition, to achieve this vision and KPI, the Sustainability Meeting (Please refer to page 77) formulates mid-term target and action plans and manages progress.

※ 1 : New products, systems, services & creation of new value for existing products

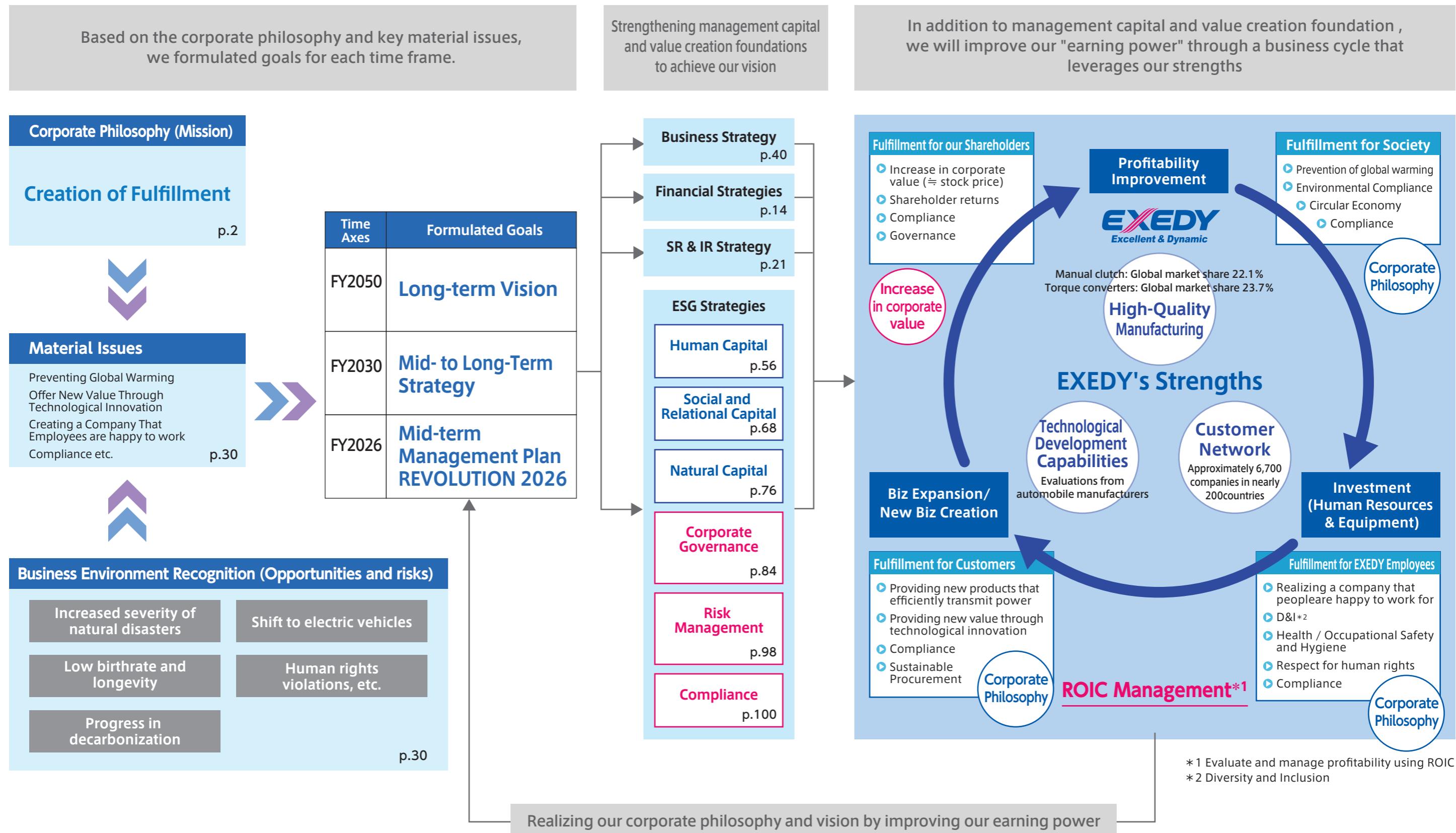
※2: The target value for the ratio of female managers in FY2050 will be the ratio of female employees at that time (13.9% in FY2019).

Long-term Vision (The vision we aim to achieve by FY2050)	Our Approach and the Way Forward	KPI	Subjects	Long term target			Mid-term target			Status of Initiatives
				Base point	FY2030	FY2050	FY2024 Target	FY2024 Actual	FY2026 Target	
Contribute to the minimization of the environmental impact including the creation of a decarbonized society	Transform the business portfolio and expand products that contribute to decarbonization	Percentage of Sales of Products Contributing to Decarbonization (including products for BEVs, HEVs, etc.)	Consolidated	0.2% (FY2019)	21%	83%	5.7%	5.6%	9.9%	In FY2024, products for mild HEV grew, but slightly fell short. From FY2025 onwards, the plan is to expand with electrified products (such as CVT for electric three-wheeled vehicles in India, drones, etc.)
		Net GHG (Greenhouse Gas) Emissions Reduction Rate <scope> 1 + 2		FY2019	▲46% Obtaining third-party assurance	▲100% Obtaining third-party assurance	▲26.5%	▲32.3%	▲39.0% Preparation for obtaining third-party assurance (Scope 3)	Energy-saving activities (▲ 1% per year) and the introduction of renewable energy are progressing smoothly. ➤ See p.76
	Establish a manufacturing system that is carbon neutral and minimizes environmental impact	Number of Environmental Incidents		FY2019	0		0	1	0	In April 2024, a chemical substance leak accident occurred at the DYNAX Tomakomai plant. On-site guidance was provided to affiliates to prevent recurrence (6 domestic companies, 3 overseas companies).
Create and deliver new value to customers	Create new products that efficiently transmit power in addition to those that make the transportation of people and goods more comfortable	Ratio of R&D Expenses for New Product Development Over Total R&d Expenses	Consolidated	29% (FY2019)	70%	90%	57%	51%	65%	In FY2024, the shift of personnel from existing businesses to new businesses did not progress, the goal was not achieved. As a counter-measure, a large-scale organizational restructuring was implemented in April 2025. Furthermore, there is a plan to advance the optimal allocation of human capital and accelerate the creation and development of new businesses. ➤ See p.57
	Actively enter new business areas to become a unique company with unrivaled capabilities	Ratio of New product sales		0% (FY2022)	30%	94%	0.3%	0.2%	4.2%	
Be an attractive company where people can feel excitement and passion	Develop an environment that actively encourages challenges and proposals that stimulate growth	Employee Awareness Survey (Overall Satisfaction)	Non-consolidated	34.9% (FY2019)	※Employee engagement 3.65		52.0%	49.9%	※Employee engagement 3.29	Until FY2024, "Employee Satisfaction" was monitored as KPI. From FY2025 onward, it will be changed to "Employee Engagement," which has a higher correlation with organizational performance. ➤ See pages 59 to 61.
		Human Resource Development (Training Hours/Person/Year)		5.4 hours (FY2020)	48 hours		24.3 hours	38.9 hours	32.3 hours	Progress is going smoothly due to the expansion of training programs for electrification personnel, new business personnel, and DX personnel required for the promotion of business strategy. ➤ See P.62
	Expand systems that allow diverse employees to work with comfort (nationality, gender, age, disability status, family structure, etc.)	Percentage of Female Employees in Management Positions		3.4% (FY2019)	7.0%	13.9%※2 (Changes in the percentage of female employees)	4.9%	4.0%	5.2%	The target for FY2024 was not achieved. There is a plan to promote candidate development through the Women Leaders Program and external recruitment, etc. ➤ See P.63
		Total Working Hours		2,021 hours (FY2019)	Less than 1,900 hours		Less than 1,966 hours	1,940 hours	Less than 1,966 hours	Progress is going smoothly by the setting of company-wide paid leave promotion days and encouragement of managers with low acquisition rates. ➤ See P.63
		Paid Leave Utilization Rate (Figure in <> is the Percentage of Employees Taking Paid Leave)		77.7%<20%> (FY2019)	100% <100%>		87.8% <56%>	93.8% <44.1%>	91.9% <71%>	
		Number of Major Accidents	Consolidated	-	0		0	0	0	Promoting efforts to maintain zero cases of major accidents ➤ See P.64
		Human Rights Training Attendance Rate		-	100%		100%	100%	100%	Progress is going smoothly. ➤ See P.74
Maintain a stable management structure based on strong governance	Comply with the laws and regulations of each country and region and maintain high ethical standards	Number of Major Law Violations	Consolidated	-	0		0	0	0	Promoting efforts to maintain zero cases of major law violations ➤ See pages 98 to 101
	Improve fairness and transparency of the Board of Directors	Independent Outside Director		3<27%> (FY2020)	More than 1/3	More than 1/2	More than 1/3	5<42%>	More than 1/3	At the general shareholders' meeting held in June 2025, more than half of the seven directors were appointed as independent outside directors, totaling four members (including two female directors). See pages 96 to 97.
		Female and Foreign Directors		-	2	3	2	2	2	
	Strive to share values and aim for a bottom-up business foundation	Town Hall Meeting Held	Consolidated	-	2 series in a year		52 times in a year (2 series)	78 times in a year (3 series)	52 times in a year (2 series)	Progress is going smoothly. In FY2025, improvements to the operation system will be made to enhance effectiveness. ➤ See P.69

# Value Creation Process

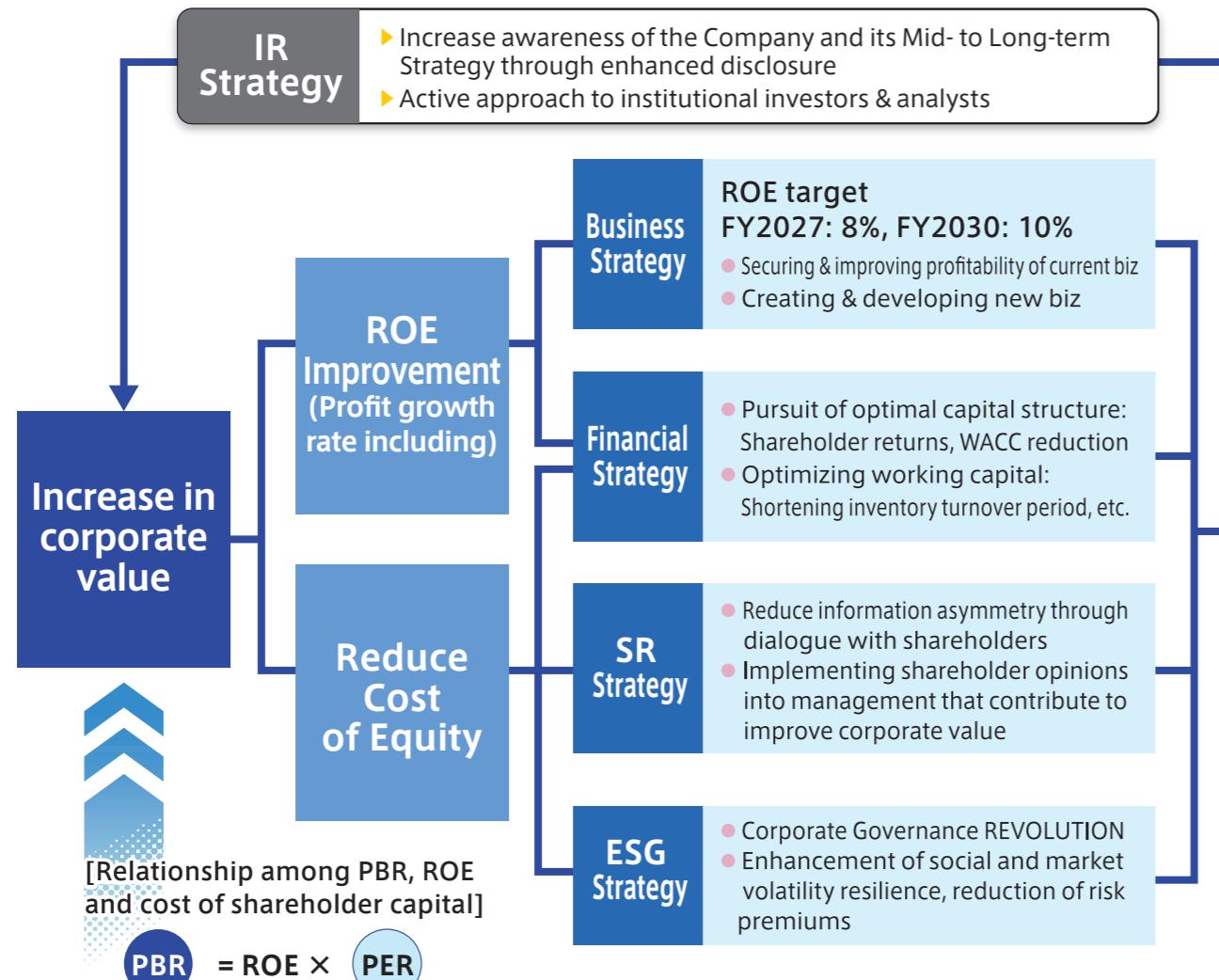
EXEDY Group has formulated goals for each time frame based on the key material issues derived from an understanding of the business environment and its corporate philosophy.

To achieve our vision, we will increase our "earning power" by utilizing management capital, value creation platform, and our own strengths, and through a business cycle in which we reinvest the capital we earn into growth investments and human capital, we will realize our corporate philosophy and improve our corporate value.



# Overall Picture of Improving corporate value Initiatives

Our group aims to enhance corporate value by improving ROE and reducing the cost of shareholders' equity. As measures to improve ROE, we will implement business strategies and financial strategies, and as measures to reduce the cost of shareholder equity, we will carry out financial, SR, and ESG strategies. In addition, in line with our IR strategy, we will promote understanding among market participants of the progress of these four strategies through dialogue and disclosure with stakeholders, thereby striving to enhance corporate value.



$$\text{Cost of equity} = \text{Risk-free rate}^*1 + \beta^*2 + \text{Market risk premium}^*3$$

\*1: The 10-year average of the yield on newly issued 10-year government bonds

\*2: Historical TOPIX Beta

\*3: The average value of the historical method and the implied method

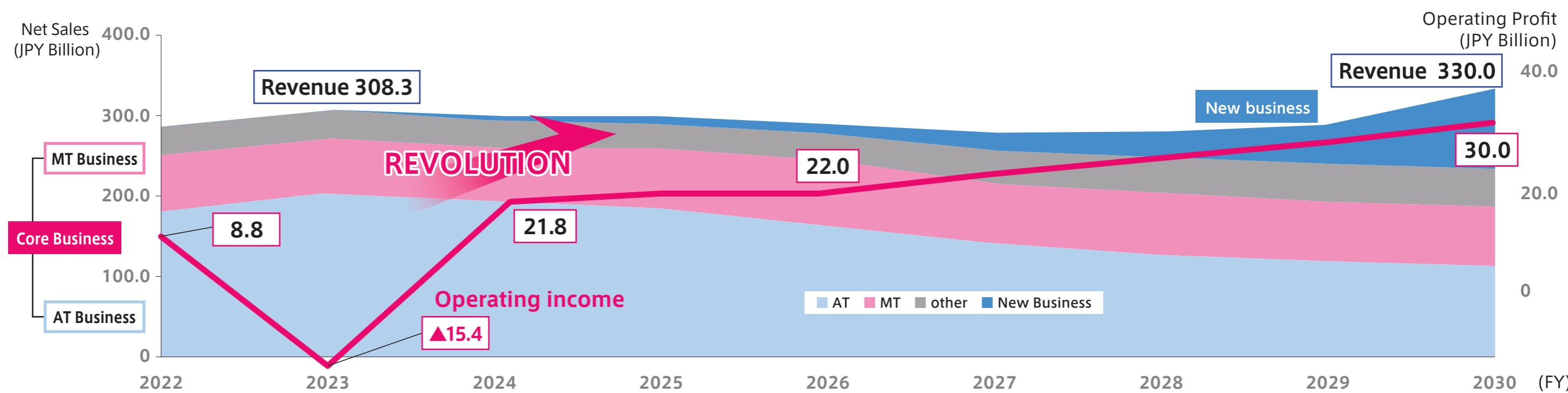
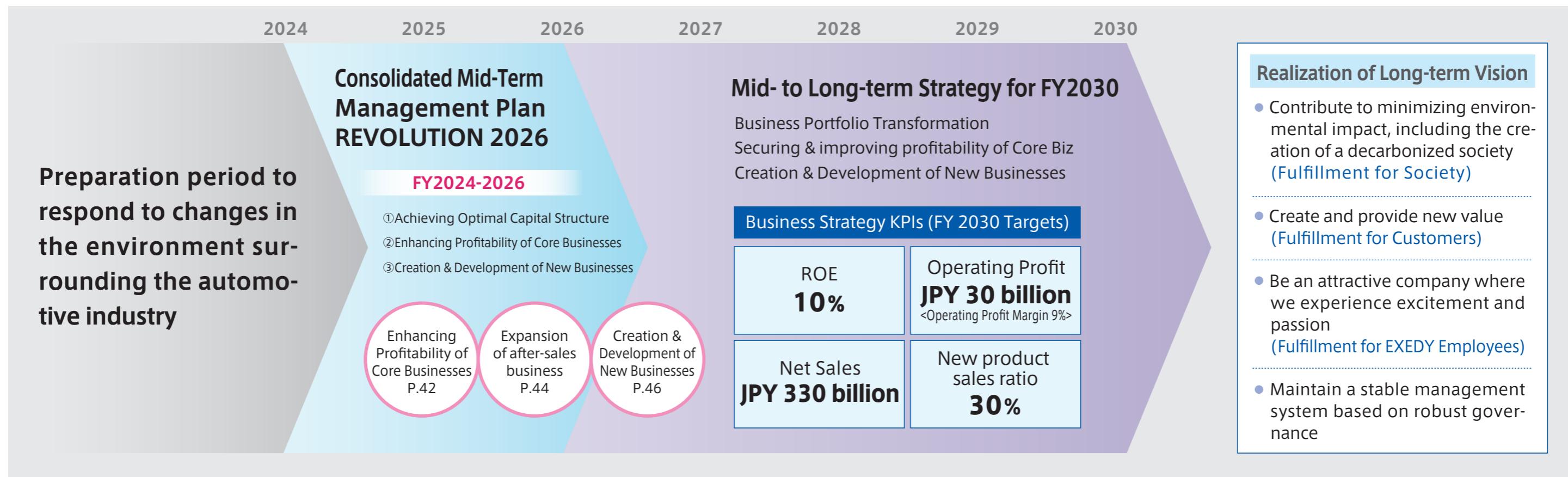
- Improving corporate value (approximately equal to PBR) requires enhancing both ROE and PER. Aim to raise PER by reducing the cost of equity capital.
- We estimate the cost of shareholder equity to be around 7–8%. In addition to financial and ESG strategies, we will strengthen our SR and IR strategies as initiatives to reduce this cost.

## Explanation section in this Integrated Report

<b>Business Strategy</b>	<b>P.6 Top Message</b> EXEDY's Strengths / Long-term Vision / Mid- to Long-term Strategy for FY2030, etc.
<b>Financial Strategy</b>	<b>P.40 Business Strategies to Achieve Long-term Vision</b> Business Strategy Roadmap / Improving Profitability of Core Businesses / Expansion of Aftermarket Businesses / Creation and Development of New Businesses / Comments from Representative Officer of Investee Companies, etc.
<b>SR Strategy</b>	<b>P.14 "Public IR" by the director in charge of Corporate Strategy Promotion and IR</b> Achieving the optimal capital structure through dialogue with shareholders / capital allocation / shareholder returns, etc.
<b>IR Strategy</b>	<b>P.21 SR &amp; IR Strategy</b> Main proposals from major shareholders and the status of responses / Overview of shareholders and investors with whom dialogues were held, etc.
<b>ESG Strategy</b>	<b>P.56 Strategies for Strengthening Human Capital</b> Human capital strengthening strategies linked Mid- to Long-term Strategy (including strengthening the foundation of human capital management, pursuing rewarding work (engagement), cultivating talent that creates new value, health management & diversity, safety and health activities, etc.)
	<b>P.68 Strategies for Strengthening Social &amp; Relational Capital</b> Stakeholder Engagement / Supply Chain / Human Rights, etc.
	<b>P.76 Strategies for Strengthening Natural Capital</b> Initiatives for environmental issues / Task Force on Climate-related Financial Disclosures (TCFD), etc.
	<b>P.84 Various Systems and Initiatives to Support Value Creation</b> Outside Directors Roundtable / Corporate Governance Policy and Structure / Board of Directors / Corporate Audit & Supervisory Board Member and Board of Corporate Auditors / Executive Compensation / Risk Management / Compliance, etc.

# Business Strategy Road Map

The environment surrounding the automotive industry has changed radically over the past few years. As the shift to electric vehicles continues, the Group recognizes that there is a risk of shrinkage in the current business for internal combustion engine vehicles over the medium to long term. On the other hand, we also see an opportunity to expand our electrification business. Based on our corporate philosophy of "Creation of Fulfillment" and the aforementioned recognition of the business environment, we have formulated four Long-term Vision that we aim to realize by FY2050. To realize this goal, we will formulate a Mid- to Long-term Strategy targeting FY2030, aiming to shift from a business portfolio that is heavily weighted toward core businesses to one that improves the profitability of core businesses, expands after-sales business, and creates and fosters new businesses. To achieve this, we have formulated a new Mid-Term Management Plan, "REVOLUTION 2026," which runs through FY 2026, as the first step to be taken over the next three years. This represents a strong commitment to rapid and fundamental REVOLUTION based on a sense of crisis that it may be difficult to survive with the conventional time frame, approach, and business model of the automotive industry standards.



# Improve Profitability of Core Business (OEM)

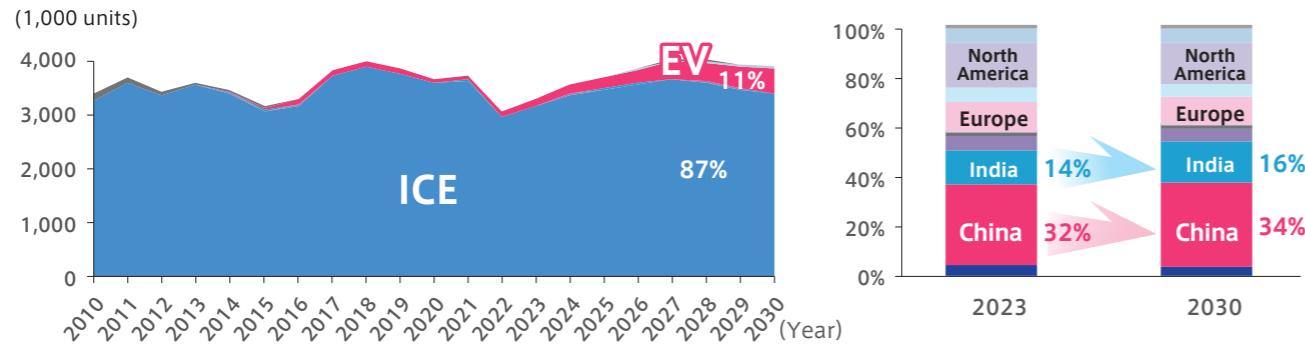
We strive to improve profitability and secure the supply chain by building an optimal production system and achieving appropriate pricing.

Although there are views that the move toward electrification in the automobile industry is slowing down, our group has determined that from a long-term perspective, it is difficult to expect a recovery in demand for AT. Accordingly, we are earnestly working on building an optimal global production system, including impairments of business assets for torque converters in Japan and China as well as the liquidation of Exedy America, where deficits had become the norm. Alongside our pursuit of efficient operations, we will strengthen efforts to pass on cost increases to customers through higher selling prices and aim to achieve appropriate pricing from a business management perspective. We are committed to securing our supply chain and fulfilling our supply responsibilities thoroughly. In addition, we will steadily work to capture demand for motorcycles in emerging markets, while aiming to improve the profitability of our OEM business.

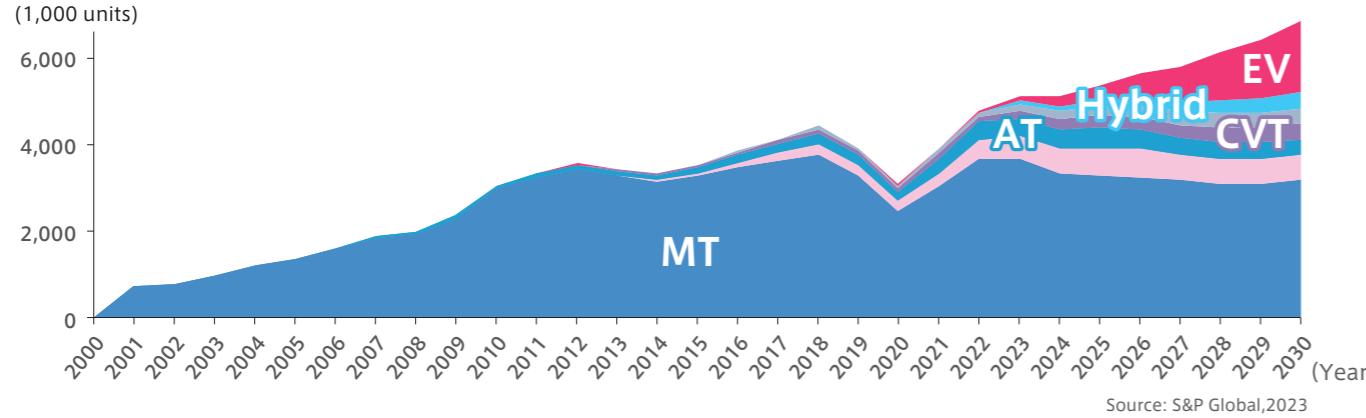


Executive Managing Officer, Executive General Manager of Purchasing Headquarters  
Junji Yamakawa

## Business Environment: Global Medium/Heavy-Duty Vehicles/Production by Power & Regional breakdown



## Business Environment: India Production of Vehicles under 6t



### Strategy: MT(OEM)

Medium and Heavy-Duty Vehicles will take time to shift to EVs due to factors such as drive performance and infrastructure development, therefore MT demand is expected to continue in the future. As for Vehicles U-6t, MT demand is expected to remain in emerging markets like India.

Leveraging the quality and technological expertise we have cultivated over many years as a world-leading clutch manufacturer, we will secure solid demand and profitability, particularly in emerging markets.

### Strategy: AT(OEM)

Although the speed of BEV adoption has slowed, it is unlikely that demand will recover in the long term.

As part of our structural reforms toward REVOLUTION, we aim to achieve optimal resource allocation through measures such as impairments and liquidation of unprofitable sites conducted in FY 2023, as well as to REVOLUTION our profitability by Achieving appropriate pricing.

(Measures implemented in FY2023) Impairment of assets related to torque converter operations in the AT business

● Production sites for Torque Converters for AT vehicles (underline = Impairment Sites)

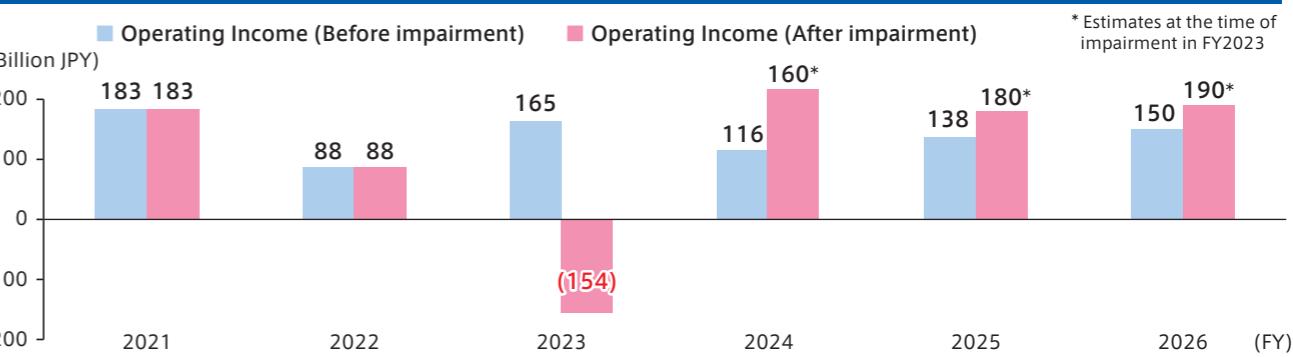
Target Company	Area	Amount	Target Businesses
EXEDY	Japan	17.7 billion JPY	AT (Torque Converter)
EXEDY DYNAX Shanghai	China	14.2 billion JPY	Same as above



\*Liquidated in FY2024.

Although the impairment indicator assessment (two consecutive fiscal years of losses) did not indicate impairment, it is clear that the Torque Converter business in Japan and China will shrink rapidly as the shift to BEVs progresses. Therefore, based on the impairment test, we recorded an impairment loss of 31.9 billion JPY related to business assets for Torque Converters in the AT business.

### Financial Impact of Impairment



Due to this impairment, the effect of reducing depreciation costs will be approximately JPY 4.3 billion per year in FY2024-2026

### (Initiated measure of FY 2024) To construct an optimal production system in response to environmental changes

- In response to the decrease in demand for torque converters in the United States, we dissolved "EXEDY America" and transfer production to other locations. <Japan, China, Mexico>
- Decided to implement an early retirement program at two locations in China to streamline the workforce by a little less than 20%.
- At the Ueno facility in Japan, consolidating & stopping the component assembly process for torque converters in small lots to improve the efficiency of mixed production with multiple kinds of products.



Small batch production line for torque converters

### (Measures of FY 2025 & beyond) Achieving appropriate pricing & pursuing efficient operations, Capturing demand for 2-wheelers in emerging countries

- Strengthening activities aimed at passing on cost increases to customers in the sales price and achieving fair prices.
- Pursuit of efficient operations, including the optimization of global-based production systems (line consolidation, stopping, mixed-flow lines of various products)
- Improvement of losses at North American friction materials manufacturing hub "DYNAX America"
  - Reduction of unprofitable products, defect reduction, labor cost savings through productivity improvements
- Capture 2-wheel demand in India & Indonesia
  - India: Increase in orders from local manufacturers
  - Indonesia: Acquisition of new model projects by Japanese manufacturers

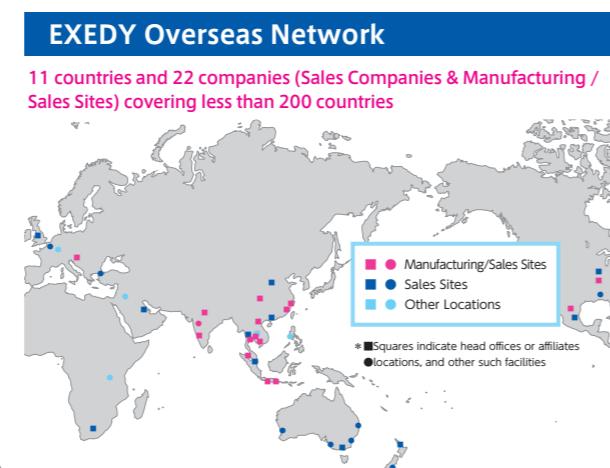
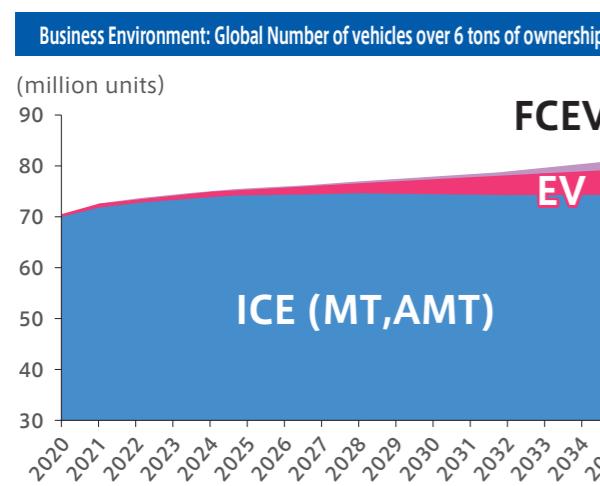
# Expansion of After-Sales Business

We will achieve further growth in the after-sales business as the core business for securing earnings in the Group's growth strategy.

Given the expected demand for periodic replacement of repair parts for commercial vehicles in the future and the strength of our brand and global sales network that we have developed over the past, we believe that the after-sales business is a source of earnings for the Company and plays an important role in promoting the Company's growth strategy. MT, which already has a proven track record, will expand its lineup of existing products to further increase sales. For AT, we are preparing to expand the product lineup of friction material-related products manufactured by the Dynax Group and to horizontally expand the transmission-related business model that we are developing in the Oceania region. We will refine our locally-based global sales network and brand power built up over our long history to achieve sales and profit growth in the after-sales business.



Executive Officer  
Project C Leader  
Tatsuyuki Aoki



## FY2030 Targets

**FY2030  
Aftermarket  
products  
Sales target  
JPY 57.5 billion**



## Efforts during the Mid-term Plan Period

MT	Expanding the lineup of clutch-related products for Korean, Chinese and European large vehicles
AT	Implementation of cost reduction for clutch cover & facing repair parts
AT	Expanding the lineup of friction material related products <12 types>
AT	Expansion of sales bases for transmission-related products <Japan, Thailand, Malaysia>
Others	Commencement of handling brake & suspension-related products <Australia>
Others	Acquisition of power steering repair parts company <Australia>
Others	Expansion of sales bases for 2-wheeler related products <Philippines, Thailand>

## Characteristics of the Aftermarket Business and Our Company's Strengths

① Demand exists for periodic replacement of repair parts for commercial vehicles in Japan, small and medium-sized commercial vehicles are replaced clutch every 3 to 5 years, and large commercial vehicles are replaced every 5 to 8 years  
Note: Route buses and short-haul delivery trucks, with frequent starts and stops, may require replacements every 1 to 2 years, while long-haul trucks may go 10 years or 1 million kilometers without replacements

② Thanks to our high OEM market share, customers are more likely to choose our products at the time of replacement

③ Customers have a strong need for quick delivery

Our order fulfillment system (EXEDY Express Delivery) enables us to provide rapid delivery, eliminating the need for distributors to carry excess inventory. This differentiates us from competitors and fosters customer loyalty.

## Strategy: Aftermarket (MT, AT, and Other replacement parts)

Position it as the core business for ensuring the profitability of our main operations, to maximize strengths, expand sales scale, and aim for increased profits.

- Expanding the lineup of MT repair parts and enhancing price competitiveness by reducing costs
- Expanding the AT repair parts business (deploying the Oceania model within the group)
- Strengthening the lineup of Other repair parts such as brakes and suspension

## Global "sales channels" built over 50 years of history and "brand power" refined according to the characteristics of the after-sales business

With the strength of "OE quality", we have developed the global aftermarket. We have expanded our sales channels while acquiring know-how through collaboration with leading companies that have extensive knowledge of the local market, and we have also focused on activities to increase awareness and promote sales, such as participation in various exhibitions. Particularly in the Oceania region, we have been implementing unique community-based sales promotion measures, such as "Tech Night," a product presentation and communication event for garage mechanics, and "1-stop BUY" with an expanded product lineup for the convenience of large-lot customers. As a result of fostering a sense of security in the EXEDY brand through a thorough customer orientation, we have been able to maintain high profitability, and in some regions we have been able to achieve a "two-step business" that simplifies the commercial distribution process. We will accelerate the above new initiatives by making maximum use of the superiority of our after-sales business "brand power," "sales channels," and "human resources (at each location)" that we have cultivated over the past 50 years.



SEMA Show, Las Vegas  
U.S.A.



Automechanika  
Shanghai, China



Automechanika  
HCM, Vietnam



Automechanika  
Dubai, U.A.E.

# Creation & Development of New Businesses

Through large-scale REVOLUTION of organizations related to new businesses, we will accelerate the development of electrified products and the creation of further new businesses.

Since the COVID-19 pandemic, our company has been combining our strengths (such as core technologies) with open innovation to create and nurture five electrification products. Currently, we are just one step away from reaching our new product sales target of 100 billion JPY for FY2030. In April of this year, we REVOLUTION related organizations to address challenges in the creation and development of new businesses. The M&A Strategy Department, as a dedicated division, not only seeks out new M&A opportunities but also carries out post-merger integration (PMI) tasks for existing investments. The New Business Development Support Department manages the progress of each project while also providing quality assurance support operations. The Business Incubation Department will be engaged in exploring businesses in the fields of AI and IoT. Through this organizational REVOLUTION, we will accelerate the development of five electrification products and the creation of further new businesses, and promote the motto "Drive our future. Let's create fulfillment for all, and our future." Please look forward to our new business strategy.



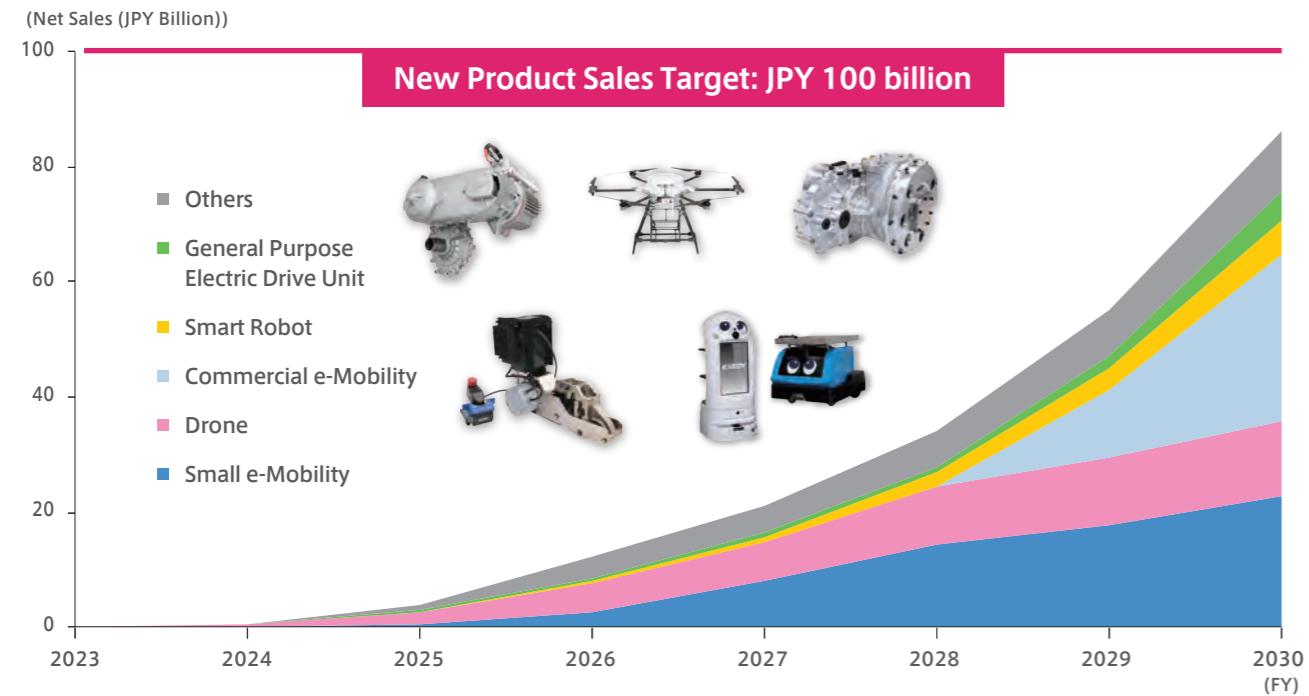
Director, Executive Managing Officer  
Executive General Manager of Strategic Business Headquarters  
Yuzuru Hirose

## 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
- ▶ Further creation of new businesses through proactive use of M&As and other means

## Sales plan for electrification products under project promotion



Towards achieving the target of 100 billion JPY in new product sales for FY2030, we are creating and nurturing additional new businesses, including ongoing projects.

Ongoing new businesses

Small e-Mobility

Commercial e-Mobility

Smart Robot

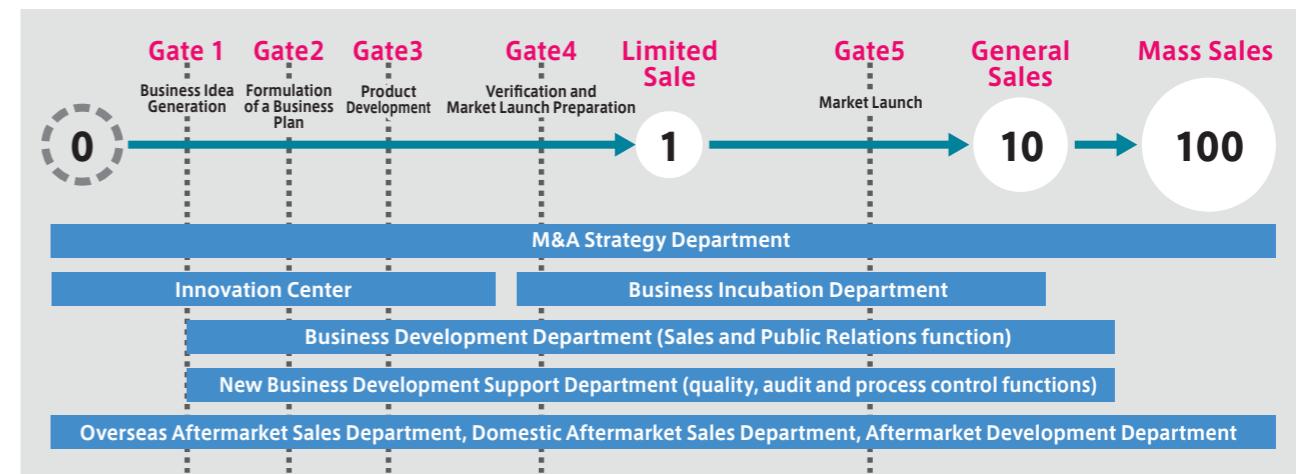
General Purpose Electric Drive Unit

Drone

\*Details of each project are explained from page 50 onwards.

## To accelerate the creation and development of new businesses, we have established the Strategic Business Headquarters.

We are promoting the creation and development of new businesses using the 'Stage-Gate Method.' To further accelerate this process, we established and integrated departments related to new business and launched the "Strategic Business Headquarters" as of April 1, 2025. The roles of each department in the business development phase are as follows.



### Innovation Center

- ▶ Planning and formulating new businesses from a long-term perspective by utilizing EXEDY's strengths.
- ▶ Providing support for new business creation activities and fostering innovation talent at both domestic and overseas affiliated companies.

### Business Incubation Department Newly established

- ▶ Planning and formulating new businesses in the short- and mid-term by leveraging new technologies such as AI.

### M&A Strategy Department Newly established

- ▶ Promoting comprehensive M&A operations to foster various projects, expand post-acquisition business, and create further new businesses.
- ▶ Executing PMI operations (such as monitoring the management conditions of investee companies and providing support for problem-solving).

### Business Development Department

- ▶ Support for sales, public relations, and procurement operations related to new business products

### New Business Development Support Department Newly established

- ▶ Guidance and support for quality assurance of new business products, and supplier audits
- ▶ Management of each project's schedule progress (from product planning to mass production)

### Overseas Aftermarket Sales Department / Domestic Aftermarket Sales Department / Aftermarket Development Department

- ▶ Expansion of product lineup in the current aftermarket business
- ▶ Planning and proposal of new aftermarket products

### New Business Investment Decision Process

In creating and fostering new businesses, the "stage-gate method" is adopted, whereby the decision to proceed to the next stage is evaluated at each gate set between the stages: 0) business idea generation → 1) initial investigation → 2) formulation of business plan → 3) product development → 4) preparation for verification and market launch → 5) market launch. The decision maker for Gate 1 is the Executive General Manager of the proposing department, while the decision maker for Gate 2 and beyond is the President and CEO. Decisions are made comprehensively based on 22 items including provided value, business plan, EXIT plan, risk, ensuring uniqueness, field test results, and others. Furthermore, from stage 3 onward (after product development), a project-based system is adopted, and the business scale (sales of 5 billion JPY or more) and return on invested capital (ROIC over 10%) are also reviewed. Additionally, in order to facilitate early commercialization, leaders of projects that have been officially initiated are given budget execution authority and personnel authority.

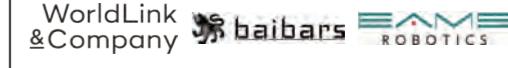
### Monitoring & Suspension/Withdrawal Rule

The President and CEO, Executive General Manager of the Corporate Strategy Promotion Headquarters, Executive General Manager of the Strategic Business Headquarters, and Executive General Manager of the Development Headquarters attend the project Board of Directors meetings held every other month by each project, and check the status of any deviations from the initial milestone plan. If there is a significant deviation from the established milestones or initial performance plan, the project in question is subject to suspension or withdrawal.

### Issue & Countermeasure

1. Strengthening PMI operations: Due to insufficient management and supervision of the business conditions of existing investment destinations, the M&A Strategy Department has now been newly established. Support will be provided as needed, including assistance in resolving issues faced by the company.
2. Review of the stage-gate method: In order to realize the rapid creation of new businesses, a review is currently underway.

# Ongoing new businesses

	Small e-Mobility	Commercial e-Mobility	Smart Robot	General Purpose Electric Drive Unit	Drone
Products					
FY 2030 Sales Plan	JPY 24.2 billion	JPY 28.9 billion	JPY 6.0 billion	JPY 5.0 billion	JPY 12.9 billion
Target Market	Indian two- and three-wheeler market advancing toward electrification due to national policy	Japanese commercial vehicle market, where current technology cannot meet government electrification targets due to lack of driving power and cruising range	Transport, indoor delivery, and customer service markets where automation and labor-saving needs are growing amid workforce shortages	Manufacturers' factories and logistics companies' warehouses, where improvement of working environments is progressing and demand for safe and comfortable transportation is increasing	Industrial drone market (inspection, agriculture, logistics, Disaster prevention) that is growing worldwide and driving higher demand for Japanese products
Utilize Our strengths	By utilizing friction control technology and material technology, we provide power connection/disconnection and torque amplification functions for rotational power	Through torque amplification technology, we improve the driving performance and vehicle speed at the start of large electric vehicles without changing the motor size	Leveraging the system design expertise developed through in-house development of the core system EXPRESS, we provide customer-tailored platforms	Analysis technologies such as stress and structural analysis, reliability evaluation technologies, and control logic development capabilities.	Utilize analysis, design, and reliability evaluation technologies, as well as quality assurance systems related to electromagnetism, fluid dynamics, and vibration
Sales methods	In India, the electric vehicle market is seeing a rapid influx of startups. Since such companies have little history and lack powertrain development technologies, our company undertakes development for them and wins orders.	SHEVs <sup>*1</sup> , which are capable of long-distance travel due to self-generation and feature short charging times, as well as WREVs <sup>*2</sup> , which enhance startup, acceleration, and hill-climbing performance, are planned to be offered to commercial vehicle manufacturers, transport companies, and others.	Participating in various exhibitions focusing on the theme of 'labor shortages' in industries such as logistics and food service, ensuring customer contact, and having the sales team visit customers with actual products and specific targets, to secure orders.	Exhibited at various trade shows on the theme of "labor shortage" in the logistics industry to secure customer contacts, and the sales team, with set targets and actual products, visits customers to acquire orders.	Actively invested in drone businesses and scheduled to deliver aircraft and controllers. Participated in the Ministry of Economy, Trade and Industry's project for logistics utilization in Japan.
Open Innovation	Invested in OMEGA SEIKI, a company engaged in the development, manufacture, and sale of electric mobility based in India, as well as two BEV motor manufacturers.   	Acquired PRE-EV Mobility Co., Ltd. (Japan), which is engaged in the development of electric drive systems for commercial vehicles, as a subsidiary.  	We dismantle black boxes in the robotics industry and make them available as an open platform.	Going forward, we plan to seek new partners when introducing additional technical elements to existing components in order to enhance added value.	Investment in and acquisition of UAV (unmanned aerial vehicle) manufacturers, distributors, and service companies as subsidiaries. Collaboration with Exe Dee's drone business to accelerate growth together.     
Progress status	In September 2025, we will begin mass production of drive units with CVT for three-wheeled vehicles for OSM, the second largest company by market share in India's commercial three-wheeled BEV market (our investee).	Prototype vehicles for both WREV and SHEV have been completed. To obtain customer feedback and propose our products for linked development, we have been conducting test drives starting from September 2025, allowing participants to experience driving performance and functions firsthand.	Limited sales to begin in FY2024, with deliveries to companies such as LIXIL Logistics Co., Ltd. We are participating in various exhibitions and conducting demonstration experiments with educational institutions, aiming to start mass production in FY2025. Preparations are also underway for the launch of the platform business in FY2025.	The Assist Pallet Truck will be available as a limited release from May 2024, with mass production scheduled to begin in January 2026. Assist Tagger is scheduled to begin limited sales in FY2025.	In April 2025, we will make Fuwa Drone a subsidiary and enter the drone surveying services business. Our local subsidiary in the United States will develop a model for North America based on the agricultural drone manufactured by baibars and plans to begin mass production from 2026.
Product Video	CVT unit for 3-wheel BEVs 	SHEV System 	Neibo Powerful Robot 	Electric Assist Tagger 	Firefighting Drone 

\*1: SHEV (Series Hybrid Electric Vehicle): A system in which the engine is completely dedicated to power generation and the vehicle runs on electricity generated by the engine.

\*2: WREV (Wide Range drive system for EV): Unit system combining motor, reduction gear and torque converter for EV.

## New business ①



## Small e-Mobility

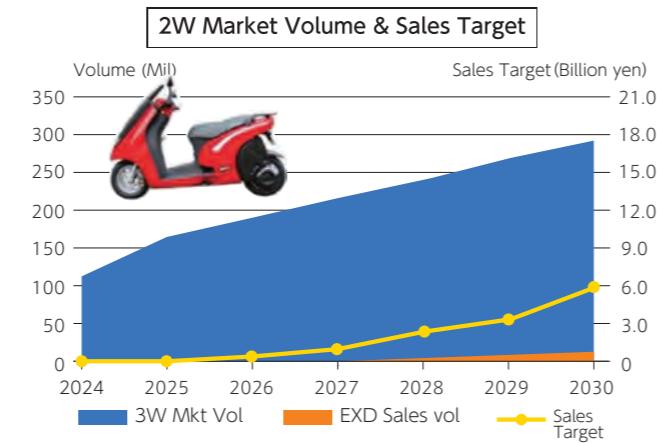
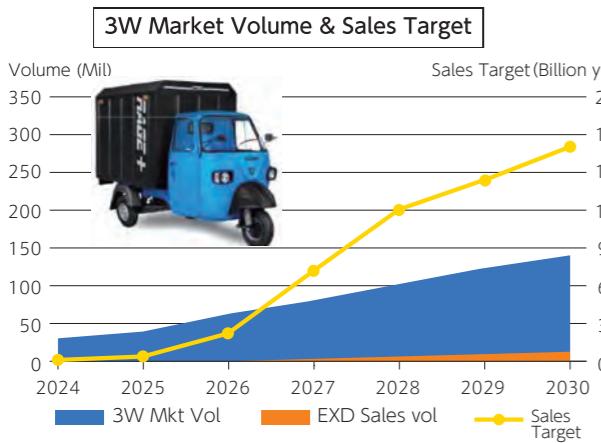


We will steadily advance the development of our electric drive business in India.

Small e-Mobility Project  
Project Director  
Shinji Futagawa

Sales Plan	FY2026: 2.91 billion yen / FY2030: 24.2 billion yen
Products	Drive units with CVT, drive units with built-in clutch transmission
Expected Customers	2-wheel/3-wheel BEV manufacturers (high power models)
Country/Region	India (future expectations include ASEAN)
Market Characteristics	BEV conversion in India progressing as a national policy (2-wheel & 3-wheel: 80% by FY 2030)

We are promoting the commercialization of high-efficiency and differentiated technology electric drive units for electric two-wheelers and three-wheelers in the Indian market. First, in accordance with the locally produced "Make in India" initiative, we are promoting in-house production and realizing high added value by incorporating our unique CVT and two-stage transmission mechanisms. Currently, we have entered the mass production phase for major OEMs, and the installation of production equipment and the establishment of the supply chain have also been completed. We feel confident that we have reliably prepared our system for market launch and established a stable foundation. From now on, we aim for sustainable growth by gradually expanding the scale of our business in line with market expansion.



## Product advantages (utilizing EXEDY's technology &amp; the strengths of our partners)

Product superiority	Through transmission functions like CVT, improves starting drive torque & enables smooth shifting, thus enhancing drivability & comfort * Most 2-wheel/3-wheel BEVs locally do not have transmission functions
Utilization of our technology	Utilizing friction control technologies & material technologies, we provide rotational power on/off functions & torque amplification functions.

## Affiliated Companies



Vehicle manufacturer **India**  
► Ranks second in the share of the commercial 3-wheeled BEV category in India  
► Over 200 dealer locations  
► Supplying to our company



Motor manufacturer **Japan**  
► Strong in high-efficiency, compact motors  
► Supply motors for 2-wheel BEVs to our company



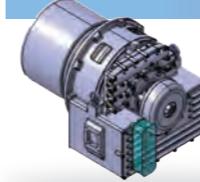
Motor manufacturer **India**  
► Strong in IoT & vehicle compatibility  
► Supply motors for 3-wheel BEVs to our company

Target market	India's 2-Wheel & 3-Wheel market, targeted for electrification by government policy
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Strategy	In collaboration with Indian vehicle & motor manufacturers, develop & expand sales of high-output models utilizing our units with transmissions (initially targeting 3-Wheel market)
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Progress status	In September 2025, we began mass production of 3-wheel CVT-equipped drive units for OSM Company, which ranks second in the Indian commercial 3-Wheel BEV market (our partner)
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## New business ②



## Commercial e-Mobility



We will contribute to the electrification of commercial vehicles with high demand by leveraging our strengths.

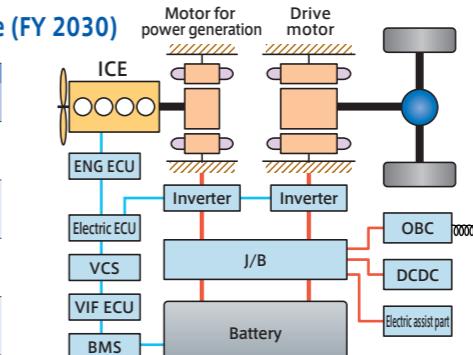
Commercial e-Mobility Project  
Project Director  
Katsuaki Waki

Sales plan	FY 2030: 28.9 billion yen *Mass production scheduled to begin in FY 2029
Product	Wide Range Drive System for BEV (WREV) Commercial Series Hybrid System (SHEV)
Expected Customers	OEMs, Bodybuilders
Country/Region	Heavy-load trucks (Japan, North America, China), commercial dumps (Japan), construction equipment (Japan), buses & trucks over GVW3t (Japan)
Market Characteristics	Compared to the government target for FY 2030 (20-30% of new sales of light commercial vehicles), the existing technology lacks driving force & cruising range, resulting in high demand.

To achieve global carbon neutrality, the decarbonization of the transportation sector is an urgent issue, and the electrification of commercial vehicles is highly anticipated. On the other hand, there are still many challenges to overcome in ensuring practical performance and functionality. Therefore, our company will propose products that have functions to solve this issue, such as improving drive performance by combining our fluid technology—the area in which we excel—with motors, or incorporating our unique control technology into SHEV systems to ensure vehicle functionality, thereby contributing to the spread of electric vehicles. Currently, prototype vehicles equipped with our products have been completed, and customers are test-driving and evaluating them.

## Commercial e-Mobility Market Size (FY 2030)

(Millions of units)	Market size	Our target	Share
Heavy duty load trucks	35	3.5	10%
Commercial dump trucks	22	1.7	8%
Construction machinery	10	0.4	4%
Buses & trucks (GVW over 3 t)	55	1.2	2%
Total	122	6.8	



The prototype vehicle equipped with the WREV+SHEV system has been completed.

## Product advantages (utilizing EXEDY's technology &amp; the strengths of our partners)

WREV	Improving launch driving force of medium-sized electric trucks while keeping the motor size unchanged, achieving smooth acceleration.
SHEV	Stores electricity generated by the engine in the battery, the vehicle runs by driving the motor with the stored electricity, ensuring a range with less battery loading than a BEV. Reduces infrastructure maintenance burden

## Target market

Japan's commercial vehicle market, targeted due to the lack of driving force & cruising range with current technology, in comparison to the government's electrification target for FY 2030

## Strategy

Currently developing commercial e-mobility systems as a system supplier under collaboration with Toshiba Group motor manufacturers & developers of electric drive systems for commercial vehicles

## Progress status

Prototype vehicles for both WREV and SHEV have been completed. To support development with designated customers, we have been holding test drive events since September 2025 where participants can experience the driving performance and features with the aim of obtaining customer feedback and proposing products.

Affiliated Companies	 Development and manufacturing of electrical drive systems for commercial vehicles <b>Japan</b> Strength in electric drive control systems
Affiliated Companies	 Development and manufacturing of electrical drive systems for commercial vehicles <b>Japan</b> Strength in electric drive control systems

## New business ③



## Smart Robot



We deliver reliable and safe Japanese-made robots that support society and stay close to people.

Smart Robot Project  
Project Director  
Ryota Miura

Sales Plan	FY 2026: JPY 540 million / FY 2030: JPY 6 billion
Products	Powerful Robots, Multi-Robots, etc.
Target operations	Transport, serving, indoor delivery, security, customer service, etc.
Country/Region	Japan, United States
Market characteristics	A chronic labor shortage continues across all industries. The service robot market forecast (for FY 2030) is JPY 200 billion*

We started the project because we believe that robots will become an important part of supporting society in the midst of a declining labor force. Although I was new to all aspects of robot development, I learned the basics and completed the robot in two and a half years from April 2022. This smart robot, named "Neibo," is not limited to specific functions, but is flexible enough to be customized by the customer, allowing it to respond to a wide variety of issues and desires. One year after the start of sales, the cloud-based system has been introduced to many customers and is also highly appreciated. We will continue to evolve and contribute to the development of society.

## Smart Robot Market Size (FY 2030)

(JPY Billion)	Market Size	Our Target	Share	Target Country
Smart Robots*	127.0	3.0	2%	Japan
Open Platform*	40.0	1.5	4%	Japan
Overseas Expansion*	216.0	1.5	1%	USA
Total	383.0	6.0		

\* Company Estimate



Multi-Robot: Usage Image

## Product advantages (utilizing EXEDY's technology &amp; the strengths of our partners)

Product Superiority	<b>Highly Customizable Platform</b> Provides APIs that easily connect with no-code apps, other systems and services <b>Multi-Robot</b> Functionality sharing among different software, capable of multiple roles with one unit <b>Powerful-Robot</b> Towing capacity of 600KG, capable of tracking & autonomous driving
Utilization of our Company's Technology	Utilizing the system design capabilities cultivated through the in-house development of the core system EXPRESS, we provide platforms tailored to customer needs.



Powerful Robot: Delivered to LIXIL Logistics Okayama Logistics Center.

## Target market

Amid labor shortages in the entire industry, logistics centers of manufacturers are targeted first

## Strategy

With Powerful Robots & Multi-Robots equipped with traction power, autonomous tracking & traveling and customizability, in addition to providing a cloud-based platform that allows for no-code operation instructions, we aim to build a Robot Eco system.

## Progress status

Limited sales started in FY 2024, with deliveries to companies such as LIXIL Logistics Co., Ltd. Exhibition at various trade shows, implementation of demonstration experiments with educational institutions, etc., with plans to begin mass production in FY 2025. Platform business is also being prepared for launch in FY 2025.

## New business ④



## General Purpose Electric Drive Unit



We will continue to deliver value that allows everyone to transport things safely and securely.

General Purpose Electric Drive Unit Project  
Project Director  
Taichi Kitamura

Through components that enable electric-powered movement and our company's unique assist control that takes advantage of these components, we aim first to improve transportation tasks at manufacturing and logistics sites and to contribute to solving issues such as labor shortages associated with these operations. (The first phase consisting of the electric Assist Pallet Truck, and the second phase of the electric assist tugger) In addition, going forward, we will provide greater value to our customers and society by both expanding horizontally—applying the aforementioned electric assist product technologies to other fields—and vertically—adding value by integrating various sensors, communication features, and other technological elements into existing components.

Sales plan	FY 2026: JPY 400 million / FY 2030: JPY 5 billion
Products	Assist pallet trucks, assist taggers, etc.
Target Customers	Manufacturers (factories), logistics companies (warehouses), railway operators (maintenance workshops), etc. in transport operations
Country/Region	Japan → Global
Market characteristics	With a decrease in the working population & improvements in the working environment, the 'things needs' for "everyone to transport goods safely & easily" are expanding. Although manual & self-transport models exist, assist functions are rare, with anticipated growth in demand.

## General-Purpose Electric Drive Unit Market Size (FY 2030)

(JPY Billion)	Market size	Company goal	Share	Targeted countries
Assist Pallet Trucks	777.0	2.10	0.3%	Japan
Assist Tagger (general-purpose towing machine)	777.0	1.90	0.2%	→Global
Other	-	0.95		
Total	1,554.0	4.95		



## Product advantages (utilizing EXEDY's technology &amp; the strengths of our partners)

Product advantages	Smooth launching, gentle stopping and automatic braking to provide customers with safe, secure, convenient and easy-to-operate products.
Utilization of our technology	Analysis technology for stress & structure, reliability evaluation technology, control logic development capabilities



KANSAI LOGIX 2025  
2025. 4.9 Wed ~11 Fri  
INTEX OSAKA A3  
KANSAI LOGIX 2025  
関西物流展

A towing experience event held at the Kansai Logistics Exhibition as part of public relations.

## Target market

Amid improvements in labor environments at various companies and increasing needs for safe & comfortable transportation, targets are manufacturers' factories and logistics operators' warehouses.

## Strategy

Plan to globally launch factory solution business, starting with Japan, including the offer of Assist Pallet Trucks & Assist Taggers equipped with smooth start, gentle stop and automatic braking function.

## Progress status

Limited sales of Assist Pallet Trucks to begin in May 2024, with mass production expected from January 2026. Assist Tuggers are slated for limited sales starting in FY 2025.

## Target market

Amid improvements in labor environments at various companies and increasing needs for safe & comfortable transportation, targets are manufacturers' factories and logistics operators' warehouses.

## Strategy

Plan to globally launch factory solution business, starting with Japan, including the offer of Assist Pallet Trucks & Assist Taggers equipped with smooth start, gentle stop and automatic braking function.

## Progress status

Limited sales of Assist Pallet Trucks to begin in May 2024, with mass production expected from January 2026. Assist Tuggers are slated for limited sales starting in FY 2025.

## New business ⑤



## Drone

Sales Plan	FY 2026: JPY 5 billion / FY 2030: JPY 12.9 billion
Business Content	Planning & design related to drones, manufacturing and sales of aircraft & components, maintenance and related services.
Target Market	Industrial (inspection, agriculture, logistics) aircraft manufacturing & services
Country/Regions	Japan, North America, ASEAN, EU
Market Characteristics	Growing worldwide. DJI (China) holds 70% share of aircraft but there is a growing demand for decoupling from China due to geopolitical risks

## EXEDY aims to establish its position as a "drone total solution provider."

Targeting the industrial drone market (inspection, agriculture, logistics, disaster prevention, etc.), which is growing worldwide and seeing an increasing demand for Japanese products, we will actively invest in and acquire UAV (unmanned aerial vehicle) manufacturers, sales, and service companies to accelerate the growth of our business.



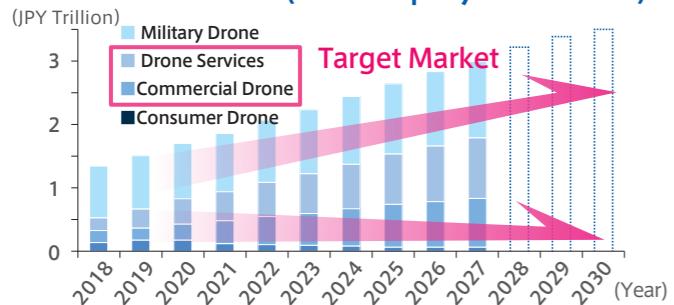
Demo flight of pesticide spraying using a drone manufactured by baibars.

EAMS Corporation's logistics-compatible drone



Surveying service of Fuwa drone

## Drone Market Size (Our Company's Estimation)



## Product advantages (utilizing EXEDY's technology &amp; the strengths of our partners)

Advantages of Our Products	①Realizing Long Flight Duration & Low Noise Operations ②Offering Non-Chinese Products Amid Increasing Geopolitical Risks ③Providing a Sense of Security with Automotive-Quality Products Where Accidents Are Not Permissible
Utilizing Our Company's Technology	Leveraging analysis, design and reliability evaluation technologies related to electromagnetics, fluid dynamics and vibration, and quality assurance systems

## Affiliated Companies

<b>ACTER</b> Motor Manufacturer	<b>WorldLink &amp; Company</b> Aircraft Sales & Services	<b>FUWA DRONE</b> Surveying service
Strong in high-performance motors that excel in dust & waterproofing and are lightweight	Strong in providing a wide range of solutions including spare parts, maintenance, agriculture, inspection and survey services.	Related businesses for drone surveying & 3D measurement sales, maintenance, agriculture, inspection and survey services. Strength in high-precision UAV surveying technology

<b>EAMS ROBOTICS</b> Logistics Aircraft Manufacturer	<b>baibars</b> Agricultural Aircraft Manufacturer
Strong in Japanese standard type certification and control software	Strong in large machines, especially focusing on affordable pesticide sprayers

Target market	Targeting the industrial (inspection, agriculture, logistics, disaster prevention) drone market (initially focusing on Japan & US).
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Strategy	Striving to become a total drone solution provider by collaborating with aircraft manufacturers, sales & maintenance service operators, and surveying service companies, providing a comprehensive range of development, manufacturing, sales, maintenance and service.
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Progress status	In April 2025, we made Fuwadrone a subsidiary and entered the drone surveying service. Our existing U.S. corporation plans to develop a device for the North American market based on baibars' agricultural drones and begin mass production in 2026.
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## Comments from Representative Officer of Investee Companies, etc.

## Small e-Mobility



Using the partnership with EXEDY as a driving force for growth, we aim to become a global clean mobility brand from India.

OMEGA SEIKI Pvt. Ltd.  
CEO: Mr. Uday Narang



enable us to take Indian EV technology to international markets, expand our footprint, and build OSM into a true global clean mobility brand. Alongside three-wheeler, we are also expanding into EV trucks in India and CNG three-wheelers for Africa, building multiple clean mobility pathways. Our collaboration with EXEDY is a natural fit. Its advanced CVT technology will be instrumental in scaling our two, three, and four-wheeler EV platforms, while EXEDY's global driveline expertise strengthens product reliability and performance. By 2030, we aim to sell over 500,000 vehicles annually, with growth powered by global expansion, diversification into clean fuels, EV trucks, and partnerships like EXEDY."

## Drone



Together with EXEDY, we will globally expand 'social support through drones.'

WorldLink & Company, Inc.  
Representative Director and President  
General Incorporated Association Japan Drone Consortium  
Directing Coordinator  
Shinya Suda



A demonstration of a fire-fighting drone's water discharge was conducted at the 53rd National Firefighting and Rescue Technology Competition (Sponsored by Firefighters' Association of Japan).

Since our establishment in 2014, our company has been providing services and solutions utilizing drones. However, in response to market changes and with the aim of achieving further business growth through technological innovation, we have been searching for strategic partners. At that time, we received an investment from EXEDY, a company that has made the creation and development of drone businesses a Mid- to Long-term Strategy, and became part of their group in Oct 2024. I believe the drone industry has three main roles: (1) "infrastructure development" led by government administrations, (2) "technology development" led by manufacturers, and (3) "social implementation," meaning putting drones to actual use. Our company focuses on providing services related to the third role, "social implementation." With the slogan "Supporting society with drones," we accurately identify our customers' challenges and, rather than simply selling products, offer solutions across various industries and sectors—including agriculture, civil engineering, logistics, and

# Strategies for Strengthening Human Capital

## The Concept of Value Creation

### Achieving Sustainable Value Creation for the Company through the Growth of People and Organizations

Our company is actively fostering an environment where each individual's abilities can be easily demonstrated through human resource development and workplace improvements. We expect these efforts to lead to improved engagement.

By creating an environment that encourages challenge and creativity, we aim to shift our human resources portfolio, enhance the organization's flexibility and adaptability, and accelerate the structural transformation of the business.

#### Approach to Human Resource Development:

While leveraging our core technologies, we aim to develop human resources that contribute to our sustainable growth for growing as a global company by creating new products such as electrification products.

#### Approach to Internal Environment Improvement:

To create new value, we will promote diversity and inclusion within the company so that diverse talent can maximize their abilities.

We will continue to improve the internal environment to make this possible.

## Strategy for Strengthening Human Capital Linked to Mid- to Long-term Strategy

Our company has formulated and is promoting the following four strategies to strengthen human capital in order to achieve our Mid- to Long-term Strategy goals. In addition to creating an environment where employees can confidently demonstrate their abilities, given the current situation of our company, we are focusing on strengthening the foundation of human capital management, pursuing job satisfaction (engagement), fostering talent that creates new value, and initiatives for health management and diversity as efforts to quickly improve productivity in our core business, develop and create new businesses, and sustainably enhance corporate value.

Strategy for Strengthening Human Capital	Efforts
Strengthening the Foundation of Human Capital Management	<ul style="list-style-type: none"> <li>Optimization of organizational structure</li> <li>Transparency and fairness in the selection process of management personnel</li> <li>Formation and support of autonomous careers</li> <li>Promotion of human resource development and management strategy through DX</li> </ul>
Pursuit of Work Engagement	<ul style="list-style-type: none"> <li>Analysis Results and Countermeasures for FY 2024 Employee Awareness Survey</li> <li>Efforts to improve engagement through collaboration with experts</li> </ul>
Developing Human Resources Who Create New Value	<ul style="list-style-type: none"> <li>Practical experience in investee companies</li> <li>Internal and external training system</li> </ul>
Health Management & Diversity (Creating an Environment Where Employees Can Confidently Demonstrate Their Abilities)	<ul style="list-style-type: none"> <li>Achieving work-life balance to enhance productivity healthily</li> <li>Promotion of diversification of working environments</li> <li>Support for working styles that align with the life cycle</li> <li>Ensuring psychological safety</li> <li>Safety and hygiene activities</li> <li>Health activities</li> </ul>

## Target Values of Strategy for Strengthening Human Capital

The key KPIs for realizing a strategy for strengthen human capital are as follows. In addition to checking the achievement status of KPI, we conduct monitoring twice a year at sustainability meetings to determine whether appropriate KPIs are set in light of changes in the business environment and the progress of strategies. We make agile additions and corrections to enhance the effectiveness of our efforts.

		FY2022	FY2023	FY2024		FY2025
Strategy for Strengthening Human Capital	KPI	Actual	Actual	Target	Actual	Target
Pursuit of Work Engagement	Employee Awareness Survey (Overall Satisfaction)	49.0%	46.0%	52.0%	49.9%	54.0%
Developing Human Resources Who Create New Value	Training Hours(Per Person Per Year)	31.8hours	31.4hours	24.3hours	38.9hours	28.3hours
	Total Working Hours	1,888hours	1,915hours	Less than 1,966 hours	1,940hours	Less than 1,955 hours
	Health Management & Diversity (Creating an Environment Where Employees Can Confidently Demonstrate Their Abilities)	Paid Leave Utilization Rate The number in <> is the Percentage of Employees Taking Paid Leave	101.2% < 54.3% >	96.8% < 49.4% >	87.8% < 56% >	93.8% < 44.1% >
	Percentage of Female Employees in Management Positions	3.6%	3.4%	4.9%	4.0%	5.2%
	Number of Major Accidents	0	0	0	0	0

## Measures to Achieve Target Values

### 1) Strengthening the Foundation of Human Capital Management Optimization of Organizational Structure

As part of the human capital strategy necessary for realizing the Mid- to Long-term Strategy, a major organizational restructuring was carried out on April 1, 2025.

Organizational Restructuring Details	Aim
Establishment of the Core Business Headquarters	We integrated the three manufacturing headquarters of the existing business (MT Manufacturing Headquarters, TS Manufacturing Headquarters, AT Manufacturing Headquarters) which supports our company. The existing business departments of Development Headquarters and Production Engineering Headquarters were relocated there to form the Core Business Headquarters. Through this, we will pursue the efficient operation of our current business and strengthen profitability.
Reorganization of Development Headquarters and Production Engineering Headquarters	We physically separate the new business team and the existing business team at both headquarters. Among these, the new business team was consolidated within the Development Headquarters. Development and production engineering teams will work together as one, forming a team of about 200 members to create new value. And during FY2025, approximately 60 engineers currently engaged in existing businesses will be reassigned to development and production engineering roles in the new business. This will further strengthen our capabilities. As mentioned earlier, existing businesses team will pursue efficient operations and strengthen profitability within the Core Business Headquarters.
Establishment of Strategic Business Headquarters	After integrating the new business-related departments that were part of the Sales Headquarters and Development Headquarters, we established three new business-related departments including the dedicated M&A department. By these efforts, we will accelerate the creation and development of new businesses. Additionally, we will transfer the three after-sales related departments to the Strategic Business Headquarters and pursue market development in new businesses through collaboration with the dedicated M&A department.
Establishment of Corporate Strategy Promotion Headquarters	The Corporate Strategy Promotion Headquarters will formulate the business strategy, ESG strategy, financial strategy, SR strategy, and IR strategy for the entire company group and promote them. In addition, we will monitor the progress of business strategies in both existing and new businesses and optimally allocate management capital as needed.

As mentioned above, we will appropriately allocate human capital to strengthen the earning power of our core businesses and accelerate the creation of new businesses. Moreover, in the operation of each headquarters, a group system was introduced as a unit to control multiple departments with common roles and functions. Also we aim to speed up decision-making by delegating authority to the Group Manager. The Group Manager is originally a position equivalent to that of a Deputy Executive General Manager, but we actively appoint individuals at General Manager level to create a more autonomous organization.

## Strategies for Strengthening Human Capital

### 1) Strengthening the Foundation of Human Capital Management

#### Transparency and Fairness in the Selection Process of Management Personnel

Our group focuses on the selection and development of management personnel to realize sustainable corporate value. Specifically, we strengthened our system to enable the nomination committee to play a more strategic and effective role in selecting and developing management talent. The Nomination Committee is clearly redefining the roles required of management and is aiming to select human resources who can strongly promote the missions of "Beyond EXEDY (REVOLUTION)", "Enhancing the earning power of existing businesses", and "Creating and driving new businesses". For the selection of Executive Officer to become management executive candidates, a candidate pool is created every year through interviews and document screenings conducted by the Personnel Affairs Department, targeting General Manager class. After that, opportunities for group discussions among candidates are arranged, Nomination Committee members qualitatively monitor their content of the statements and leadership behaviors.

Selection is conducted while ensuring objectivity and transparency. When a vacancy occurs in the position of Executive General Manager or Executive Officer, the nomination committee conducts a direct interview with the candidate.

Ultimately, the board of directors carefully deliberates and resolves on qualifications.

#### Formation and Support of Autonomous Careers (Career Challenge System)

In addition to company-led transfers, we have also established a system to support the autonomous career development of each employee as part of creating an environment where diverse talents can thrive. To enhance individual job satisfaction, we provide autonomous career development support from the perspectives of "systems", "environment", and "culture". From November 2023, a system that allows employees to take on challenges for their career realization—the "Career Challenge System"—was introduced.

We also established a framework such as internal recruitment and self-declaration transfers, which supports individuals in achieving their own career goals. As of the end of FY2024, there were 45 applicants for internal recruitment, 8 applicants for internal recruitment for concurrent roles, and 22 applicants for self-declaration transfers, with a total of 33 transfer cases completed.

Career Challenge System	
Purpose	Measures
Matching the Personnel Sought by Each Department with Applicants	Internal recruitment Internal recruitment for concurrent roles
Employees can take on the work they want to try	Self-declaration transfers Self-declaration Internal Training
Being able to consult about career matters	Career Advisor

#### Promotion of Human Resource Development and Management Strategy through DX

Our company is promoting DX with the aim of maximizing the value of human capital and improving the effectiveness of our management strategy.

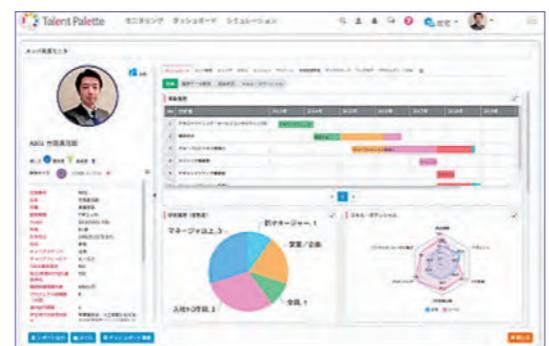
Since April 2020, a talent management system has been introduced.

By introducing a system, we centrally manage a diverse range of human resource information, including career history, educational background, qualification information, as well as goal management, career planning, and statistical analysis results from employee awareness surveys. From now on, qualitative information such as business goals and interview content will also be digitized.

By visualizing each individual's strengths and preferences through this data, we will promote proper placement of personnel and effective management. This will eliminate subjective appointment decisions, leading to the planned development of management talent and the enhancement of the selection process (improving objectivity and transparency). Furthermore, we visualize in real time the progress of human capital KPIs based on the Long-term Vision, such as training hours and paid leave acquisition rates, by department.

By doing so, it supports speeding up decision-making and improving accuracy towards achieving the Mid-Term Management Plan.

Also we aim to establish a system in which the promotion of DX directly maximizes the value of human capital and improves the effectiveness of management strategies.



Talent Management System Administration Screen (Image)

### 2) Pursuit of Work Engagement

Our company aims to be an attractive company where people can feel excitement and passion and has been dedicating itself to creating an environment that promotes employee growth and expanding systems that allow employees to work with peace of mind. To check the effectiveness of each measure and KPI scores, we conduct an employee awareness survey every year. Since FY2021, we have been advancing activities with "overall satisfaction" as a KPI, but considering recent changes in the management environment, we have hypothesized that improving employee engagement is more important for strengthening our "earning power". In FY2024, we have advanced the analysis, collaborating with experts and obtaining advice from outside directors. Based on these, in FY2025, we will conduct a survey with "employee engagement" as a new metric.

Based on the results, we plan to consider changing the KPI and prioritizing measures accordingly. In this section, we first report the analysis results related to overall satisfaction in (1), and then the analysis results related to engagement in (2).

#### (1) Analysis Results of Employee Awareness Survey in FY2024 and Countermeasures

##### [Analysis Results]

The positive responses toward overall satisfaction resulted in 46.0% for FY2023.

Although the results in FY2024 showed a slight improvement trend, they remained at 49.9%.

When viewed by attribute, "general employee layer" and the "Section Manager and Chief layer" are comparatively lower in terms of hierarchy.

In terms of gender, "male" are lower.

These results suggest the need for individualized measures. Among the items that are believed to have a high correlation with overall satisfaction (correlation coefficient > 0.5), items with a low ratio of positive responses (agree & somewhat agree) are, as in the previous fiscal year, "expectations for the company's future," "appropriateness of compensation levels," and "communication with management".

We are considering the following measures.

##### [Countermeasures]

###### Initiatives that Inspire Confidence in the Company's Future

- The decrease in orders for torque converters seems to be causing anxiety among employees about their future (especially among the general staff). Therefore, in April 2025, a large-scale organizational restructuring was carried out including the establishment of a new business division (Strategic Business Headquarters) for accelerating the creation and development of new businesses.
- "Although the trend is a decline, the AT business will not disappear immediately, and for the time being, the AT and MT businesses remain the main pillars of our company's revenue." This explanation was given directly to employees by President and Senior Executive Managing Officer at the town hall meeting. As a result, compared to the past, the number of questions from general employee layer has been increasing.

##### Efforts to Ensure the Appropriateness of Compensation Levels

- As in previous years, a wage increase of 5.83% (average of Japanese companies is 5.39%) was implemented in FY2025.
- Furthermore, Restricted Stock Incentives for Employee Shareholding Associations were implemented at the end of February 2025. Taking into account the low positive response regarding the appropriateness of the compensation level for employees below the management level, all employees were uniformly granted shares worth 2 million JPY per person (over 1 million JPY under the same scheme, which is a first in Japan).

##### Efforts to Improve Communication with Management

- Last year, although we switched the town hall meeting back from an online format to an in-person format, there was an opinion that the number of people was too large, making two-way communication difficult. Based on this opinion, the number of participants was changed starting from the session held in August 2025. (For factory workers, 200 people → 100 people per session, for head office staff, 100 people → 50 people per session)
- In order to convey the president's thoughts, the president himself created and presented the meeting materials that had previously been prepared by the secretariat. As a result, the number of questions per meeting increased, enabling broader and deeper discussions.

Employee Awareness Survey, Overall Satisfaction \*

Position	FY2023	FY2024
Results	46.0%	49.9%
By Hierarchy	General Employee Layer	41.5%
	Section Manager and Chief Layer	45.2%
Management Level	73.7%	78.2%
	Male	44.3%
Female	58.2%	63.3%

\* Calculated by "Positive responses(strongly agree + agree) ÷ the number of respondents"

\* Convert and display our company's hierarchical names into general hierarchical names

## Strategies for Strengthening Human Capital

### 2) Pursuit of Work Engagement

#### (2) Initiatives to Enhance Engagement through Collaboration with Experts

Regarding how initiatives to improve employee engagement affect corporate value and organizational performance, our company collaborates with external experts to conduct quantitative analysis.

##### Analysis by Professor Nobuyuki Isagawa and Associate Professor Kazuo Yamada of the Graduate School of Management, Kyoto University

As reported in the Integrated Report 2024, we conducted an analysis of the relationship between "Employee Satisfaction and Employee Engagement" and "Organizational Performance".

Subsequently, in collaboration with Professor Nobuyuki Isagawa and Associate Professor Kazuo Yamada of the Graduate School of Management, Kyoto University, based on the previous analysis, we conducted additional verification and gained new insights into more detailed correlations and consistency with measures. This analysis was conducted in collaboration with Kyoto University Original Co., Ltd., a wholly owned subsidiary of Kyoto University.

##### 【Analysis Results】

In this analysis, an employee awareness survey was conducted using the Utrecht Work Engagement Scale, targeting the former AT Manufacturing Headquarters, which has a large number of employees.

The results were analyzed from multiple perspectives, and the relationship with organizational performance indicators such as business performance and productivity ("productivity (time required to produce one unit)", "turnover rate", "in-process defects rate", and "accident absenteeism rate") was examined. As a result, "personal relationships," "work collaboration," "organizational culture," and "promotion ambition" have a positive correlation with "productivity."

It was also found that "personal relationships" and "work collaboration" positively influence "number of industrial accidents," "number of in-process defect," and "turnover rate."

##### 【Items and initiatives that have a strong impact on productivity (time required to produce one unit)】

\*Regarding "Initiatives," we have listed ones that are considered to have high relevance to our company based on our estimates.

Item		Estimated Value	Significant difference	Initiatives
Growth	Goal Setting Through Work	-0.172	***	Introduction of talent management system, "How to delegate work and motivational training for subordinates"
Environment	Support from Colleagues	-0.137	**	Multi-skilled workers, paired system, and trainer system for new employees
Environment	A Flat Organizational Culture (Employees)	-0.136	*	Various events such as cross-headquarters birthday celebration lunches
Environment	A Flat Organizational Culture (Supervisors)	-0.126	**	Various events such as cross-headquarters birthday celebrations lunch, one-on-three meeting with the Executive General Manager
Environment	Open Communication in the Workplace	-0.124	**	Psychological safety training, event subsidy system
Treatment	Appropriateness of Compensation Levels	-0.118	**	Restricted Stock Incentive for Employee Shareholding Association 5.83% wage increase for FY2025
Environment	Human Resource Allocation	-0.117	**	Introduction of a talent management system and career management framework
Growth	Specificity of the Career Plan	-0.0906	**	Distribution of the document "The Significance of Creating a Career Plan and Examples of Creation"
Supervisor	Support for Career Advancement by Supervisors	-0.0894	*	Creating a career plan (individual), career interview training (for supervisors)

\*The smaller the estimated value, the shorter the production time.



Graduate School of Management, Kyoto University  
Professor Nobuyuki Isagawa



Graduate School of Management, Kyoto University  
Associate Professor Kazuo Yamada

##### Correlation Between Employee Awareness Survey Items and Organizational Performance Indicators

	Productivity*	Number of Accidents	Number of In-Process Defects	Turnover Rate
Personal Relationships	○	○	○	○
Work Collaboration	○	○	○	○
Organizational Culture	○	×	×	×
Promotion Ambition	○	×	×	×
Work Style	—	○	—	○

○ : A relationship that meets expectations  
× : A relationship opposite to expectations  
— : Can't say either way

\*Time required to produce one unit

\*Regarding "Initiatives," we have listed ones that are considered to have high relevance to our company based on our estimates.

#### Advice from Doshisha University Graduate School/ Professor Fukuko Inoue (Our Company's Outside Director/ Compensation Committee Chairperson)

Employee engagement and employee satisfaction are both said to be related to organizational performance. However, they measure different items, and the pathways and underlying theories leading to performance differ. In human capital management that our company is also aiming for, we are trying to emphasize employee engagement represented by "enthusiasm," "immersion," and "vitality" toward work. This is the background of the recent change. Regarding employee engagement, there is the Utrecht Work Engagement Scale, a measure that has been demonstrated to be reliable and valid and is used in both practical and research settings. This is used in multiple languages, including the Japanese version.

It is also planned to be used in this measurement. On the other hand, there was a question from the team promoting this project asking if it would be acceptable to make slight modifications to the questions without changing their meaning because the original question was not a natural expression in Japanese and was difficult to answer. I have responded that it would be fine as long as the data is used internally and not for comparing with other companies or countries.

In any case, I think it is wonderful that all the members of the project team are seriously considering and working hard to make EXEDY a rewarding company with high employee engagement.



Graduate School of Business, Doshisha University  
Professor Fukuko Inoue  
Our Company's Outside Director  
Compensation Committee Chairperson

#### 【Establishing a System to Continuously Measure the Effectiveness of the Company's Initiatives】

Our company is considering changing the KPI from employee satisfaction to employee engagement. Starting in 2025, the wording of questions related to employee engagement was revised based on the above advice, changing them to expressions that were natural in Japanese and easy to answer, within the range that did not compromise the meaning of the scale.

Additionally, we have incorporated unique questions to clarify the organization's issues. Our company will continue to carry out analysis and implement measures to further improve engagement in the future.

### 3) Development of Human Resources Who Create New Value

Our company positions the strengthening of human resources capable of contributing to the creation of new businesses as an important management issue, in line with the realization of human resource strategies linked to our Mid-to Long-term Strategy.

Based on this understanding, in addition to practical experience at investee companies, we promote the deepening of employees' knowledge and experience by providing training opportunities both inside and outside the company.

#### (1) Practical Experience at Invested Companies

Our company invests in various enterprises to enhance its ability to create and nurture new businesses, and we actively promote secondments of our employees to these investment companies.

To date, a total of 33 employees have been seconded. (As of the end of June 2025)

We aim to accelerate the realization of improved corporate value by engaging in highly specialized work that cannot be experienced within our company in a corporate culture different from our own, increasing opportunities to take on more discretionary tasks, and enhancing individual skills while strengthening the organization's capabilities to create and nurture new businesses.

##### Allegis Capital



##### Yusuke Tomita

Responsible for startup investments, exploration of new business opportunities, and trend research.

After gaining experience in mass production development and advanced development of MT and AT, I was responsible for research activities aimed at creating new businesses in the technology planning team.

When I was struggling to come up with ideas that would lead to commercialization, I had the opportunity to deepen my knowledge by being seconded to a venture capital firm. Since May 2023, I have been stationed in Silicon Valley, learning firsthand about startup pitches, investment decisions, and post-investment growth support.

Investors not only provide funding but also strive to maximize engagement together with founders and employees, contributing in various ways such as customer acquisition and talent introduction.

I believe that the strength of engagement at the core serves as the driving force that opens up the uncertain future of startups. Based on this mindset, I will connect it to the creation of new businesses within our company.

##### WorldLink & Company Co.,Ltd.



##### Fumiaki Tsujimoto

Responsible for the sales of industrial drones, drone-related equipment, and software.

Since it was a transfer to a completely different industry involving drones, I was initially confused.

Our clients range widely from government agencies, large corporations, small and medium-sized enterprises to sole proprietors, covering various industries, so I struggle with the specific knowledge and rules required for each, but everything is fresh and I find it very interesting.

That said, the reality is that it doesn't easily lead to sales and profits.

Every day, I analyze customer needs, select the appropriate products from among many options, and explore how to get customers to make purchases.

While receiving advice and support from the members at the assigned location, I am striving to achieve the business plan by leveraging the agility unique to a group company.

## Strategies for Strengthening Human Capital

### 3) Development of Human Resources Who Create New Values

#### (2) In-house and External Training System

##### ① DX Human Resource Training

To promote DX, we are implementing IT literacy training aimed at developing human resources well-versed in digital technology and data utilization in a phased manner.

In FY2024, we began IT literacy education for managers to help them utilize it for business improvement and strategic planning, with 115 participants completing a 27-hour curriculum.

In addition, programming training directly related to practical work, such as "Excel operations using Python," was conducted for employees responsible for creating new businesses, with 22 participants attending.

Furthermore, with the aim of raising awareness and encouraging the practice of business improvement, we held an "In-house DX Contest," where 8 out of 76 entries were awarded, contributing to the promotion of DX in the workplace.

##### ② Continued Implementation of Electrification Education

The electrification training, which started in FY2022, has been systematically organized as basic and practical courses both inside and outside the company, and from FY2023, practical courses emphasizing hands-on training have been offered.

Three courses have been offered mainly to employees in the development and production technology departments, and 63 employees took the courses in FY2024.

While actually performing manufacturing tasks, participants deepen their understanding of the principles and structures of electrical equipment.

##### ③ Training System for New Business Creation

In order to create new businesses, we focus on skill improvement and knowledge acquisition through external public courses and e-learning for employees of related departments.

We provide necessary courses in various departments such as marketing, thinking methods, and AI-related fields, leading to the acquisition of skills and knowledge.

Also, for two courses that had higher demand, "Conceptual Strengthening Training" and "Leadership Strengthening Training", which were held as in-person group trainings within the company.



##### ④ New Business Creation Training in Silicon Valley

###### RakuNest Zero One Program

Starting from FY2023, we started participating in a dispatch program to Silicon Valley, USA, aiming to develop talent for new business creation and to cultivate an internal culture for new business initiatives.

As of the end of June 2025, we have sent 11 participants.

As preliminary training in Japan, participants learn the basic knowledge related to new businesses, and by experiencing everything from generating new business ideas to pitching to investors residing in Silicon Valley on-site, they get a hands-on understanding of the actual process of creating new businesses and provide feedback within the company.

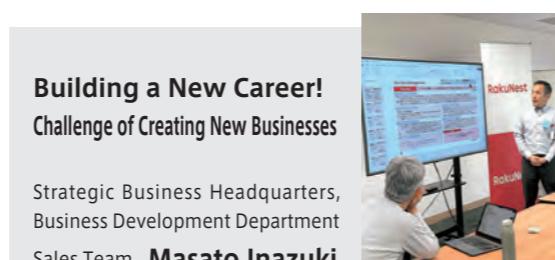
Starting from FY2024, in addition to accelerating the launch of new businesses, we are recruiting participants through an open application process and dispatching them as a means to provide motivated and capable talent with opportunities for career advancement.

###### NSIC (Nomura SRI Innovation Center) Bootcamp

As an advanced program for nurturing human resources for new business creation, participation in a long-term dispatch program to Silicon Valley in the United States also started from FY2024.

The content mainly involves learning design thinking programs and studying on-site for about eight weeks.

In addition, various framework lectures and lectures by diverse experts are conducted to improve practical skills for new business creation and to cultivate a mindset culture.



##### Building a New Career! Challenge of Creating New Businesses

Strategic Business Headquarters,  
Business Development Department  
Sales Team, **Masato Inazuki**

I transferred to the New Business Sales Department after participating in the RakuNest training. Through the training, I learned real-time information on the forefront of Silicon Valley and startup trends, and I was able to gain knowledge that transcends industry boundaries.

I am currently in charge of sales for a new product, and I need to quickly proceed with research, hypothesis testing, and business proposal planning. However, the mindset of positively embracing change and enjoying challenges has been greatly supported by my experiences in training.



### 4) Health Management & Diversity

#### (1) Promoting Diversity & Inclusion

Our company has a global presence, and our workforce is diverse. To leverage this diversity to create new value, we are promoting diversity and inclusion and working on improving the internal environment.

##### ① Achieving a Work-Life Balance that Healthily Enhances Productivity

To realize work-life balance, total working hours and paid leave acquisition rates are set as KPIs. We are promoting the revision of leave systems and creating an environment where it is easier to take leave. Regarding paid leave, we have set specific promotion days for acquisition company-wide and by workplace. We are also promoting acquisition by reviewing the acquisition status by each department.

##### ② Promotion of Diversification of Working Environments

In addition, to enhance work flexibility, we have established systems such as remote work, flextime, and limited working hours, providing an environment where employees can work without being bound by "place" or "time". Furthermore, starting from FY2021, a career support leave system has been introduced as a leave system to ensure diversity in employees' ways of working, provide opportunities for skill improvement, development, acquisition of new knowledge and experience, and support their careers, allowing them to take up to about one year. In addition, a career refresh support system has been introduced, and allowances are provided to support autonomous career development at certain milestones.

##### ③ Support for Working Styles Aligned with Life Cycles

We are promoting the development of various systems and support measures so that all employees can balance their lives and work and build their careers with peace of mind, even in situations such as childcare and nursing care. In FY2024, the rate of paternity leave taken by men reached 60%, with an average duration of about 80 days, significantly exceeding the national average reported in the Ministry of Health, Labour and Welfare's "2024 Survey Results on Parental Leave Acquisition Rates. With the aim of further promoting acquisition, in FY2025, annual targets based on a three-year plan are set, and efforts are made to disseminate results from surveys of target acquirers and interviews with those who have acquired it. In addition, support such as operating a daycare center on the company premises has been provided since October 2008.



EXEDY Company Nursery School  
「A Kiddyland」

#### Utilization Status of Various Systems

Classification	System Name		FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Place	Number of People Using the Remote Work System		26	212	647	267	264	295
Time	Number of People Using the Flextime Work System		427	591	663	654	655	702
Childcare Leave System	Female	Acquisition Rate	83%	93%	80%	114%	81%	82%
		Number of People	11	15	14	21	11	16
	Male	Average Number of Days Taken	302	285	280	288	290	282
	Male	Acquisition Rate	2%	1%	12%	33%	57%	60%
		Number of People	2	1	8	23	26	33
		Average Number of Days Taken	119	23	62	76	82	78

##### ④ Development of Female Manager Candidates

Under the recognition that ensuring diversity in the decision-making layer is indispensable to improve corporate value, our company has set the ratio of women in managerial positions as a KPI and established a goal to raise that ratio to the same level as that of female employees among all employees by FY2050. To achieve this goal, we have established a training course for female employees. Since FY2021, a total of 73 female employees have participated in this development course, with three of them promoting to managerial positions by April 2025. We are also increasing the participation rate of female employees in the existing leader candidate training, aiming to acquire and improve the necessary skills for leadership.

##### (2) Ensuring Psychological Safety

In our company, which is in a period of REVOLUTION, we recognize that "active exchange of opinions beyond positions" is important to foster innovation, and we aim to create a psychologically safe environment. First, we provide training for supervisory and managerial staff on how to create an environment where members feel comfortable speaking up and how to attentively listen. By conducting such training, we aim to establish a psychologically safe environment. In FY2024, training was conducted for general manager and seconded manager classes. A total of 137 people participated, with 61 attending face-to-face sessions and 76 completing video-based learning.

## Strategies for Strengthening Human Capital

### (3) Health and Safety Activities

#### Health and Safety Activities "Going home the same as we arrived in the morning"

As part of creating an environment where employees can confidently demonstrate their abilities, our company holds a fundamental attitude of prioritizing safety above all else in any situation, and we steadily practice activities to build a workplace where people can work with peace of mind and a smile.

Going home the same as we arrived in the morning is our greatest joy.

#### Safety & Health Policy

##### 【Basic Policy】

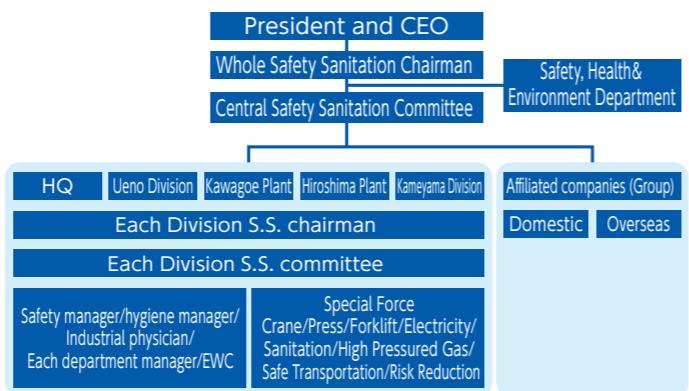
Ensuring the safety and health of our employees serves as the foundation of our corporate activities and social responsibility. With respect for human life and safety as our highest priority, we are committed to promoting health and strive to create a safe, comfortable, and pleasant workplace where people can work with peace of mind.

##### 【Action Policy】

1. If our employees are not safe, our company cannot do business. In order to achieve 'zero defects' and 'zero hospital visits', we will adhere strictly to health and safety laws and internal regulations.
2. By creating a healthy and comfortable workplace, we will improve communication, prevent work-related illnesses, and maintain and promote physical and mental health.
3. When an abnormality occurs, we will thoroughly follow our STOP, CALL and WAIT procedure.
4. We will conduct risk assessments to eliminate all hazards and harmful factors in the workplace, and continuously implement kaizen and 5S5T to reduce risks.

#### Health and Safety Activities Promotion System

To protect all employees from occupational accidents, EXEDY has established a health and safety activities system led by the Central Health and Safety Committee (meeting twice a year). The Committee brings together safety officers and other safety experts from Group companies to review the latest information on the Industrial Safety and Health Act, formulates corrective measures based on accident trends, and deploys these measures to Group companies.



#### Target and Actual (EXEDY Group)

	Actual (FY2024)	Target (FY2025)
Significant and semi-significant accidents	0	0
Furnace fires and explosions	0	0
On-site subcontracting work accidents	0	0

\*Definition of a significant accident:

(1) The worker's death; or (2) the worker's injury or illness has resulted in or is likely to result in any of the disabilities listed in the physical disability columns of Grade of Disability 1 to 7 in the Grade of Disability Table in Appended Table 1 of the Enforcement Regulations of the Industrial Accident Compensation Insurance Act.

#### Initiatives

##### ① Cultivating Safe Workers

Safety First is our company policy. No matter what it is that we do, at the EXEDY Group we make our judgments with safety being the top priority. The status of safety-related training in FY2024 is as follows.

##### ① Safety education

After disseminating accident reports throughout the Group, each company holds monthly Health and Safety Committee meetings to educate all employees (100% employee attendance rate). In addition, we provide safety training at the time of recruitment and before assignment.

##### ② Basic safety education

To enable our employees to carry out their work in the plants in absolute safety, and predict and prevent danger in advance, we offer training consisting of safety lectures and practical education in our safety dojo, a training room equipped with 17 simulators that were made based on accidents that actually occurred. Once you have taken this course and mastered the basics of safety within our company, you will be issued a "Certificate of Completion of Basic Safety Course. In FY2024, this safety training for employees was held 14 times. In response to requests from outside the company, we have conducted similar training, which has resulted in receiving a very high evaluation.

In addition, when working at height, all employees, whether they are our employees or on-site construction workers, must take certified training in the use of fall prevention equipment and safety ropes at a training dojo for working at height, and only those who pass the training are allowed to work at height, as a rule, to prevent falls.

##### ③ Basic Life Support Training Course

Since 2012, first-aid instructors have been carrying out basic life support training courses and more than 1,000 employees have participated in the course. We will continue promoting this activity in the future so that EXEDY employees can protect lives, not only at the company but also in daily life.

##### ④ Risk assessment

In accordance with the guidelines for health and safety risk assessment, we define compliance items and conduct detailed assessments of health, safety and health risks in order to pursue essential safety in machinery and equipment (existing equipment and newly introduced equipment), chemical substances and work in both new and existing businesses. Based on the results, we also are taking action against identified risks.

##### ⑤ Global safety measure

We hold local safety training sessions for affiliated companies both in Japan and overseas with the aim of raising safety awareness throughout the entire Group. In addition, twice a year we carry out priority activities to prevent accidents at overseas bases, and provide general guidance on safety.

##### ② Various Training and Education

The EXEDY Group conducts training and education on a daily basis to prevent accidents and to minimize damage in case of an emergency.

In FY2024, 582 staff members received safety training\*, and 288 staff members received general training that included safety\*. (\* Cumulative number of participants)

##### ① Company-wide Earthquake Disaster Drills

Every year, we conduct a company-wide earthquake disaster drill, to develop an organization that is able to respond calmly and smoothly in case of an emergency. In the first part, we set up an in-house firefighting department and conducted firefighting and lifesaving activities. In the second part, we set up a disaster countermeasure department to train to collect information and report on the situation, and prepare plans to restart production.

##### ② In-house Firefighting Team

We have established a self-defense fire brigade at domestic bases and sales offices. We carry out regular training such as table-top exercises and training with the portable pump. Members of the Self-Defense Firefighting Unit regularly attend external training courses on self-defense firefighting operations and are trained to give appropriate instructions and take appropriate action in the event of an emergency.

## Strategies for Strengthening Human Capital

### 4) Health Activities

Our group recognizes that the health of each and every employee is an important company asset, and this is why we have clearly defined our health policy in our Health Management Action Policy.

Safety & Health Action Policy	2. By creating a healthy and comfortable workplace, we will improve communication, prevent work-related illnesses, and maintain and promote physical and mental health.
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Our group's Long-term Vision identifies Health/Occupational Health and Safety as key material issues. We aim to realize our Long-term Vision through various initiatives related to health.

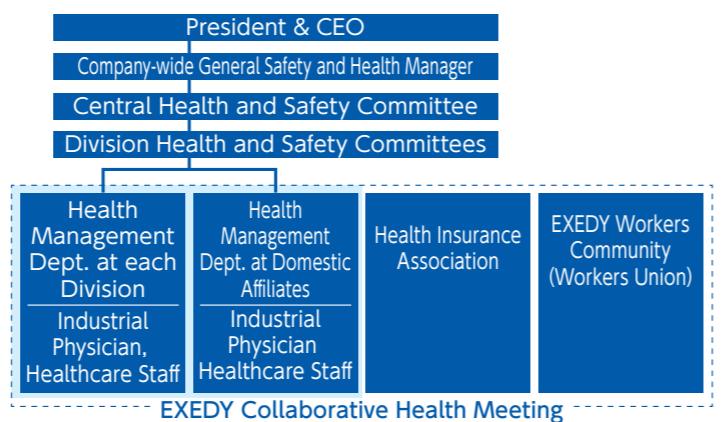
Key Material Issues	Long-term Vision / Our Approach and the Way Forward	Initiatives to realize the Long-Term Vision and expected effects		
		Initiatives to realize the Long-Term Vision*	Indexes (and targets)	Expected effects
Safety and Health	Expand systems that allow diverse employees to work with comfort	Early detection and prevention of aggravation of diseases	Percentage receiving detailed examinations (Target: 80%)	<ul style="list-style-type: none"> <li>Maximize the performance of each and every employee</li> <li>Increase labor productivity</li> </ul>
			Medical checkups - Findings rate	
			Number of employees on leave due to injury or illness (other than mental)	
		Mental health disorder prevention	Stress checks	
			High stress rate	
			Number of employees on leave due to mental illness	

\*For details of specific initiatives, refer to the "Initiatives" on the right page

### Promotion System

The company-wide General Health and Safety Manager (Executive General Manager of Corporate Strategy Promotion Headquarters) is in charge, and related departments, including the health management division, industrial physicians, health staff, the health insurance association, and the EXEDY Workers Community (EWC; labor union), work together to promote health promotion activities.

In addition, at the EXEDY Collaborative Health Meeting, which is composed of the health insurance association, each division, affiliated companies, and EWC, the insurer and the divisions discuss health issues twice a year and work together to promote health.



### Indexes (medical checkups, stress checks, employees on leave/returning to work)

FY	2022	2023	2024	(Target: EXEDY alone)				
				FY	2022	2023	2024	
Regular medical checkups Examination rate	100%	100%	100%	Response rate	86.6%	87.9%	87.2%	
Findings rate	78.0%	79.9%	82.2%	High stress rate	16.6%	16.2%	15.7%	
Percentage receiving detailed examinations	70.3%	67.0%	68.8%	Number of employees interviewed	7	5	3	
Health guidance implementation rate	72.3%	77.4%	78.7%	Employees on leave	Mental	15	33	32
					Other injuries and illnesses	36	30	46
				Employees returning to work	Mental	13	16	16
					Other injuries and illnesses	35	26	44

### Initiatives

To maintain and promote the physical and mental health of each and every employee, the health management division of each company, industrial physicians, health staff, and the health insurance association cooperate in various initiatives.

Target: In principle, EXEDY alone. * indicates all EXEDY Health Insurance subscribers						
Purpose	Field	Initiative	Eligible employees	Implementation details	Responsible organization	Number of participants/participation rate (FY2024)
Early detection and prevention of aggravation of diseases	Lifestyle diseases	Medical checkups and follow-up measures	All employees *Health insurance services are for subscribers	<ul style="list-style-type: none"> <li>Tests for statutory items and lifestyle disease items (Target ages exist)</li> <li>Support for people at high risk for lifestyle diseases</li> </ul>	Company health insurance	100%
	Dentistry	Dental checkups	All employees *Health insurance services are for subscribers	Dental checkups (Cavities, periodontal disease, mucosal disease, etc.)	Company health insurance	70.2%
	Cancer	Cancer screening	Health insurance subscribers (Target ages exist)	<ul style="list-style-type: none"> <li>Stomach cancer screening (gastric X-ray, ABC test)</li> <li>Colorectal cancer screening (fecal occult blood)</li> <li>Prostate cancer screening (PSA test)</li> </ul>	health insurance	51.7% (stomach) 93.6% (large intestine) 100% (PSA) (prostate) 98.7% (lung)
	Female-specific diseases	Gynecological exam	Health insurance subscribers (Female, age 30 and older)	<ul style="list-style-type: none"> <li>Breast and cervical cancer screening (Once a year)</li> </ul>	health insurance	53.3% (breast) 41.5% (uterus)
Mental health disorder prevention	Stress check		All employees	<ul style="list-style-type: none"> <li>Implementation of stress checks and follow-up measures (Doctor interview)</li> <li>Conduct group analysis and workplace improvement activities based on results</li> </ul>	Company	Participation rate: 87.2% Doctor interviews: 3 people
	Support for returning to work		All employees	<ul style="list-style-type: none"> <li>Regular follow-up during leave of absence</li> <li>Four-party interview upon return to work (The individual, superior, HR, industrial physician)</li> <li>Regular follow-up after returning to work</li> </ul>	Company	Follow-up rate: 100%
	Mental health education		Supervisors (Department managers, section managers)	<ul style="list-style-type: none"> <li>Self care education</li> <li>Line care education</li> </ul>	Company	55
Infectious disease prevention	Workplace vaccinations		All employees	Influenza vaccinations (costs are subsidized)	Company	1,545
Healthy working environment support	Support for balancing work and family life	Balancing fertility treatment	All employees	Fertility treatment leave system (up to 5 days per year)	Company	No applicable applicants
	Smoking cessation	Smoking cessation treatment support	All employees *Health insurance services are for subscribers	<ul style="list-style-type: none"> <li>Taking a smoking cessation program (online) and cost assistance</li> <li>Treatment for smoking cessation at workplace clinics (covered by insurance)</li> </ul>	Company health insurance	21 people attended the smoking cessation program (*)
	Exercise recommendations		Health insurance subscribers (Over 19 years old)	Holding walking events using ICT (twice a year)	health insurance	625 (*)

At the EXEDY Clinic, industrial physicians, public health nurses, and nurses follow up with employees after their medical checkups, and we are working to prevent serious illness. Medical treatment by physicians, as well as interview guidance and health consultations by public health nurses and psychotherapists, are also available, and we are working to help employees maintain their physical and mental health. In addition, dental hygienists are stationed at the dental clinics of the Head Office and Ueno Division, and employees can receive treatment from dentists. We conduct dental checkups in conjunction with regular checkups at all of our plants, leading to early detection and treatment.



Through the initiatives described above, our company was certified on March 10, 2025, as a "KENKO Investment for Health 2025 (Large Corporation Category)" jointly conducted by the Ministry of Economy, Trade and Industry and the Japan Health Council. Our company will continue to promote activities aimed at maintaining and improving employees' health based on the policy that "there is no business continuity without safety," with the goal of achieving "zero illnesses."



# Strategies for Strengthening Social & Relational Capital

## The Concept of Value Creation

Our business activities consist of relationships with various stakeholders. We aim to further enhance our corporate value by building good relationships with our stakeholders and incorporating their opinions and demands into our business activities.

### Stakeholder Engagement

Stakeholders	Approach	Engagement Methods	Examples of Activities
Customers	Based on our customer base, we will identify customer needs and create new businesses. We will also leverage our worldwide sales network (approximately 6,700 companies) to expand business opportunities by providing products that meet end-user needs with maximum speed.	<ul style="list-style-type: none"> <li>Customer Service</li> <li>Provide information through integrated reports and corporate websites</li> <li>Face-to-face sales activities</li> <li>Exhibiting at Related Exhibitions</li> </ul>	<ul style="list-style-type: none"> <li>Private Exhibitions of New Products" and Dialogue with Customers</li> <li>Expanding points of contact with customers through the launch of a new product portal site</li> <li>Participation in various exhibitions to promote new products and technological capabilities</li> <li>Provide new value to customers by expanding the aftermarket business</li> <li>Various commendations from automobile manufacturers (quality, delivery time, etc.)</li> </ul>
Shareholders / Investors	We aim to foster mutual understanding and create value through the dissemination of information and promotion of dialogue with shareholders and investors.	<ul style="list-style-type: none"> <li>General Meeting of Shareholders</li> <li>Financial Results Briefing</li> <li>Dialogue with shareholders, investors and analysts</li> <li>Provide information through integrated reports and corporate websites</li> </ul>	<ul style="list-style-type: none"> <li>Publication of Corporate Governance Report</li> <li>Issuance of Annual Securities Report</li> <li>Publication of Integrated Report</li> <li>Financial Results Briefing</li> <li>IRMTG, SRMTG</li> </ul>
Employees	We will promote communication with our employees to share our values and incorporate their feedback in our corporate activities.	<ul style="list-style-type: none"> <li>Regular labor-management council meetings and town hall meetings</li> <li>Various attitude surveys of employees</li> <li>Provide information through internal newsletters and internal portals</li> </ul>	<ul style="list-style-type: none"> <li>Town hall meetings for all employees (held 78 times in FY2024)</li> <li>Conduct Employee Awareness Survey</li> <li>Compliance Awareness Surveys</li> <li>Slide and video presentation in the cafeteria to publicize the company to employees</li> </ul>
Suppliers	By promoting dialogue with suppliers, we will work together to promote sustainability activities and resolve social issues.	<ul style="list-style-type: none"> <li>Procurement Policy Briefings for Suppliers</li> <li>Provide information through integrated reports and corporate websites</li> </ul>	<ul style="list-style-type: none"> <li>Once a year, we hold a Procurement Policy Briefings for Suppliers to explain our approach to "promotion of appropriate transactions" and request ongoing efforts to disseminate and promote our sustainability initiatives.</li> </ul>
Local Communities	Through collaboration with local communities, we strive to achieve "diversity," "community development," and "nurturing the next generation," aiming for sustainable growth for both society and our company.	<ul style="list-style-type: none"> <li>Promotion of multicultural conviviality with local municipalities</li> <li>Promotion of women's activities</li> <li>Active employment of persons with disabilities</li> <li>Support for Sports</li> <li>Local Environmental Conservation Activities</li> <li>Internship Opportunities</li> <li>Acceptance of work experience and factory tours for neighboring schools</li> <li>Foster disaster mitigation awareness by exhibiting booths at neighborhood events (Yodogawa Marugoto Trial Session)</li> </ul>	<ul style="list-style-type: none"> <li>Participated in community development as a member of the Iga City Multicultural Committee</li> <li>Community contribution activities through sports by EXEDY Women's Table Tennis Club, Iga FC Kunoichi Mie, and Dynax Ice Hockey Club</li> <li>Supporting the promotion of women's activities through the operation of on-site childcare facilities</li> <li>Contribution to local education by accepting factory tours from nearby elementary schools</li> <li>Foster disaster mitigation awareness by exhibiting booths at neighborhood events (Yodogawa Marugoto Trial Session)</li> </ul>

## Initiatives

### Strengthening dialogue with shareholders and investors

In April 2024, we established the ESG/IR Department to promote dialogue with shareholders and investors. Please see pages 22-23 for the status of the dialogue and major comments from major shareholders.

### Strengthening dialogue between management and employees

#### Town Hall Meetings with Employees

At our company, we regularly hold town hall meetings for all employees in order to share the "aspirations of management" with the staff and to reflect "employee opinions" in management decisions. In FY 2024, senior management including the president visited all departments three times across a total of 78 sessions, engaging in dialogue on topics such as the details and progress of the medium-term management plan and initiatives including the restricted stock incentive program. During the town hall meeting, in response to employees' requests to learn about the progress of new business initiatives, the company held internal new product exhibitions 140 times across our 5 offices, with 2,814 employees participating. In FY 2025, aiming to prompt behavioral changes necessary to fully achieve the medium-term management plan, we are reiterating the significance of these gatherings as forums for dialogue between management and employees under the themes of "Beyond EXEDY" and "Ultra EXEDY." By limiting the number of participants at each session, we are enabling deeper conversations.



Scenes from the in-house exhibition of new products



Scenes from the Town Hall Meeting



### Collaboration with local communities

To promote diversity, EXEDY's Ueno Office (Iga City, Mie Prefecture), which employs a large number of foreign workers, participates in the Iga City Multicultural Coexistence Promotion Committee and is working in line with the "Iga City Multicultural Coexistence Promotion Plan (First Phase (2023-2026))" to ensure that foreign residents are not subject to social disadvantages, that they are on an equal footing with Japanese residents, and that they can participate together in city development, creating an Iga City where everyone can "feel comfortable living." Additionally, athletes from the EXEDY Women's Table Tennis Club (Japan Corporate League) and Iga FC Kunoichi Mie (Nadeshiko League), which includes our employees, as well as the DYNAX Ice Hockey Club, an affiliated company, are involved in community contribution activities through sports, such as holding table tennis, soccer, and ice hockey classes for children.

Reference : [Other activities of the Women's Table Tennis Team / EXEDY Corporation \(exedy.com\)](#)

[Ice Hockey Club Other Activities / DYNAX Corporation \(dynax-j.com\)](#)

[Hometown activities / Iga FC Kunoichi Mie website](#)

At our base in Thailand, we contribute to improving the educational environment by donating stationery, educational supplies, and items for heat prevention to local elementary schools. Other, at DYNAX, the company accepts children who are not the children of its employees at its in-company daycare facility, supports the promotion of women's participation in the community, and EXEDY Logistics is pursuing various initiatives such as obtaining certification under the Ministry of Health, Labour and Welfare's 'Monisu Certification System' for exemplary small and medium-sized enterprises that employ people with disabilities. For more details about our collaboration with local communities, please see below.

Reference : [Our Contributions to Society | EXEDY Corporation](#)



Iga FC Kunoichi Mie



EXEDY Women's Table Tennis Club



CSR Activities at EXEDY Thailand

## Strategies for Strengthening Social & Relational Capital

### Achieving a Sustainable Supply Chain

#### 1) Strengthening relationships with Suppliers

##### (1) Building trust with Suppliers as good business partners

We receive various parts and raw materials from a number of suppliers around the world in its production activities. In accordance with the principles of good faith and integrity, we believe that production sharing based on mutual trust is to be established as the basic principle of transactions. In addition, we believe that it is important to clarify and deepen our understanding of each party's terms of business in advance to attain mutual trust, and we will work to build relationships of trust with suppliers.

##### (2) Our approach to procurement

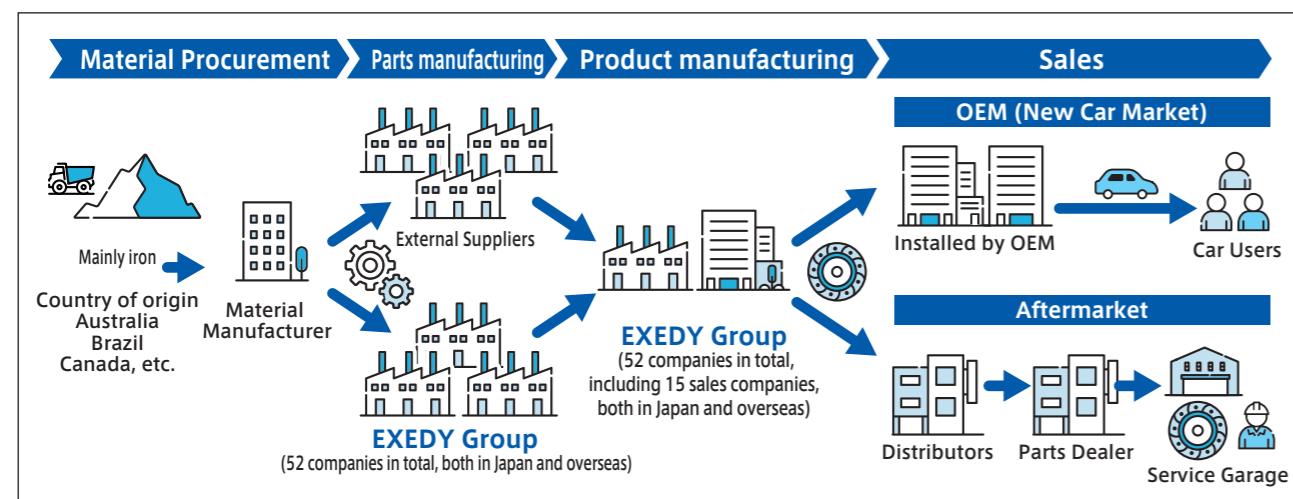
We conduct procurement activities based on the following four basic policies and "Promotion of Appropriate Transactions (Compliance with the Antimonopoly Act and Subcontract Act)" in order to provide products and services that satisfy our customers.

Policy	Content
Open, Fair and Impartial Transactions	In selecting Suppliers, we will provide fair and impartial opportunities regardless of nationality, corporate size, or business experience, and will make comprehensive judgments based on quality, delivery, cost, technology, and other capabilities, as well as management stance toward continuous improvement, and efforts toward social responsibility such as environmental issues.
Coexistence and Co-prosperity Based on Mutual Trust	Through close two-way communication with suppliers, we share necessary information with each other and build a relationship of trust. Based on this relationship, we will strive for mutual improvement and coexistence and co-prosperity as partners in strengthening our competitiveness.
Promoting Green Procurement	We will promote the supply of products and services with low environmental impact in accordance with the Green Procurement Guidelines for suppliers.
Compliance	We will comply with all applicable laws and regulations, as well as the "Guideline for Appropriate Transactions in the Automobile Industry" (formulated by the Ministry of Economy, Trade and Industry) and its spirit.

#### (3) Supply Chain

The number of primary suppliers with which EXEDY does direct business is 209 for main material companies, and 481 if auxiliary material companies are included.

\*Number of companies with purchasing record in FY2024



[Supply Chain | EXEDY Corporation](#)

#### (4) Promoting Sustainability Together with Suppliers

When entering into transactions with new suppliers, we evaluate their safety, health, and environmental efforts. We form contracts that include provisions on "environmental conservation," "resource conservation," and "elimination of antisocial forces". In addition, when signing contracts, we distribute our Supplier Sustainability Guidelines and Green Procurement Guidelines, outlining the social issues we aim to address and informing them that we seek similar initiatives not only within their company but also upstream in the supply chain, before commencing business.

Each guideline is revised as needed in response to market trends, and we request compliance with the guidelines and their deployment within suppliers and throughout the supply chain at Procurement Policy Briefings for Suppliers. When distributing the guidelines, we obtain a confirmation letter to ensure understanding of their purpose and commitment to their implementation, thereby forming a consensus.

Furthermore, we regularly visit existing suppliers for the purpose of conducting on-site audits of safety, health, environmental, and sustainability aspects, and provide guidance for improvement if any deficiencies are found. In FY2024, we conducted audits of 10 companies in order to further raise our level.

##### ① Supplier Sustainability Guidelines

We believe that sustainability initiatives throughout the automotive industry's supply chain are essential for the sustainable development of the earth and society. Therefore, we have established the "Supplier Sustainability Guidelines". We ask our suppliers to self-evaluate their compliance status annually, and we provide feedback to each company based on the results.

##### ② Green Procurement Guidelines

To promote environmental conservation activities throughout the entire supply chain, we have established the "Green Procurement Guidelines". Based on laws and industry requirements in each country, we clarify prohibited and regulated substances, and require our suppliers to reduce CO2 and other greenhouse gases, promote resource circulation including waste, conserve water, and preserve biodiversity.

##### ③ Holding Procurement Policy Briefings for Suppliers

Every year, we hold Procurement Policy Briefings for Suppliers, where we communicate changes in our business environment, etc. In recent years, we have carefully explained and shared our medium-to-long-term strategies, such as the transformation of our business portfolio, securing and improving profitability of existing businesses, and creating and fostering new businesses.

In FY2025, as "Promotion of Fair Trade," we once again explained our approach to optimizing mold management, along with an explanation of the revision of our "CSR Guidelines for Suppliers" to "Supplier Sustainability Guidelines," and requested continuous efforts to permeate and promote sustainability initiatives throughout the entire supply chain.

For details about our collaboration with suppliers, please see the link on the right.

#### (5) Risk Assessment and Response to Suppliers

In addition to natural disasters and fires, risks such as infectious diseases, geopolitical risks, terrorism, and cyber attacks are also increasing. For risks that threaten the stable procurement of purchased products, information provided by suppliers regarding the manufacturing process of purchased parts and raw materials is registered in a database and is utilized. We are working to ensure swift initial responses and recovery actions, and in the event of an emergency, we timely identify impacts based on supply chain information. Otherwise, we are also assessing risks to continuity of supply due to management, successors, and aging equipment, and taking action.

## Strategies for Strengthening Social & Relational Capital

### (6) Mutual Improvement with Suppliers

We provide human resource development support to major suppliers with the aim of improving the skills of our suppliers and strengthening their corporate structure. Specifically, we accept students into "Global EXEDY Technical School," our in-house educational institute, in line with the needs of our major partner companies. In addition, we regularly hold the "EXEDY Olympics" with the aim of improving the technical skills of each individual and having them acquire the ability to engage in more difficult tasks. Competitions include those aimed at improving safety awareness and technical skills such as forklift operation and die change work, and measurement skills competitions aimed at acquiring accurate and speedy measurement skills. We encourage mutual improvement by having not only our employees participate in these competitions but also participants from our suppliers. In addition to this, we develop and share information on safety and environmental activities with suppliers. We are pursuing developments related to the prevention of occupational accidents, cybersecurity, the status of the latest legislative revisions, and good examples of greenhouse gas emission reduction activities.



Scenes from the Skills Olympics held with invited suppliers.

### (7) Initiatives for Appropriate Transactions

To enable each and every employee engaged in procurement activities at EXEDY to promote fair and honest procurement activities, we have set out compliance with the Subcontracting Act and specific actions as detailed rules of conduct in the EXEDY Code of Conduct, which is distributed to all Group employees. In addition, every November is set as "Subcontracting Transaction Improvement Promotion Month," and all employees engaged in procurement activities are encouraged to attend seminars by external organizations. In March 2024, we created and published the "Partnership Building Declaration," declaring our focused commitment to realizing appropriate transactions. As one of our specific initiatives, we are implementing appropriate price pass-throughs to all our suppliers in response to rising labor costs, energy costs, logistics costs, and other expenses.

[Partnership Building Declaration](#)



### (8) Promoting Activities for Quality Improvement

We conduct quality audits to improve the quality level of our suppliers. In Japan, the priority and frequency of these audits are determined based on risk analysis, including suppliers for parts with high quality requirements such as special processes, non-acquisition of IATF 16949 certification, and a track record of quality defects occurring. Audits of approximately 150 companies are planned to be conducted at least once every five years to determine the status of development and compliance with the quality management system. In FY2024, audits of 66 companies were conducted. During these audits, compliance with quality standards is confirmed. If there is a problem, an improvement plan is prepared, and advice and verification continue until the improvement is completed.

## 2) Respect for Human Rights

### (1) Our Approach to Respect for Human Rights

Respect for human rights is the foundation of our business activities, and we recognize that we are required to have a deep understanding of and appropriate responses to human rights issues related to the countries and businesses in which we operate.

### (2) EXEDY Group Human Rights Policy

The EXEDY Group Human Rights Policy was formulated in 2022 after deliberation and approval by the Management Committee.

This human rights policy is based on the United Nations Guiding Principles on Business and Human Rights (hereinafter referred to as the UN Guiding Principles) and is established to ensure that the EXEDY Group, as a global enterprise, respects human rights and complies with relevant laws and regulations in the countries where we operate, and is positioned as the highest policy in our business activities.

For more information, please refer to this page.

[Respect for Human Rights | EXEDY Corporation \(exedy.com\)](#)

### (3) Promotion System

We have assigned oversight responsibility for respect for human rights to our Risk Management Committee. In the committee, the President & CEO is ultimately responsible for risk management, and the Representative Director and Senior Executive Managing Officer of the Corporate Strategy Promotion Headquarters is responsible for overall risk management, deliberating and deciding on systems and activity plans related to respect for human rights. Also, the ESG · IR Promotion Department serves as the secretariat for these initiatives and promotes them in cooperation with related departments.



### (4) Initiatives

#### ① Human Rights Due Diligence

In FY2024, as in FY2023, we have made prohibiting forced labor a top priority issue. In light of the increasing movement around the world to protect the rights of migrant workers, such as the Modern Slavery Act, the growing public concern in Japan over foreign technical trainees, and the recognition of the challenge by our shareholders, customers, etc., we have identified "foreign technical training" in Japan and "migrant workers" in overseas group companies as risks of forced labor. In FY2025, we plan to conduct an industry-specific risk assessment to identify and evaluate potential risks, with the cooperation of a third-party organization specializing in human rights. Regarding raw materials, we trace back the supply chain of our main products and evaluate the presence or absence of human rights violation risks at raw material manufacturers (mainly steel materials). For risks identified in the risk assessment, we will prioritize and confirm the situation, and if necessary, conduct an impact assessment and promote initiatives such as preventive measures and mitigation measures against human rights risks.

## Strategies for Strengthening Social & Relational Capital

### ① Survey of Actual conditions of acceptance for foreign technical intern training

In our Group, two locations accept technical intern trainees under the group supervision system. These two locations receive on-site audits from the supervising organizations once every three months, and since the supervising organizations have a good grasp of our Group's actual situation, we decided to conduct current situation hearings with the supervising organizations starting this fiscal year. As a result, no violations that could lead to human rights infringement were found. In addition, we received high praise from the supervising organizations for the following three activities of our company.

- Provision of sports drinks and salted candies to prevent heatstroke
- Provision of a prayer space five times a day for religious considerations
- Regular Japanese language study sessions hosted by our group companies

In the FY2022 survey, it was found that the cost burden for the Vietnamese students coming to Japan from Vietnam was high compared to local prices. Since then, we have been working with the supervisory organization and our group companies to switch to a sending country where the cost burden is lower.

As a result, the number of employees in Vietnam and Indonesia remained at 6 (down 5 from the previous FY) and 15 (up 6 from the previous FY), respectively.

With the transition from the technical internship system to the training employment system, we will continue to improve the workplace environment so that we can be a company of choice for foreign workers.

### ② Migrant labor survey

In FY2024, we conducted a migrant labor survey of 29 overseas Group companies to identify risks that could constitute forced labor. As a result of the investigation, we confirmed that there are no risks related to the hiring process or employment conditions.

### ③ Understanding the actual situation in relation to human rights risks in general

Starting in FY2023, we began a human rights self-check for all Group companies both in Japan and overseas in order to check the awareness, response level, and issues regarding human rights within the Group and supply chain. As a result, it was found that there were some locations where the validity of the responses needed to be confirmed. Going forward, we will continue to communicate with them to improve the accuracy of their responses and continue the cycle of understanding the actual situation, identifying risks, and taking corrective measures.

### ② Education and Engagement Activities

In order to deepen understanding of our efforts to respect human rights, in FY2024 we conducted human rights education for all 3,353 employees of EXEDY (including officers, associate employees, contract employees, and technical intern trainees), as well as for 36 group companies in Japan and overseas (10 domestic and 26 overseas). The training content covers society and our company's efforts regarding respect for human rights, human rights due diligence, etc. The training method is online so that students can take the course at their own convenience, and a confirmation test is also conducted after the course to check the students' understanding of the training content. For the human rights training in FY2025, we plan to cover key human rights areas (discrimination, harassment, forced labor, child labor, working hours, wages, dialogue with employees, safety and health, and response to suppliers) in the second half of the fiscal year, targeting all employees of EXEDY (non-consolidated) and 36 domestic and overseas group companies, similar to FY2024.

### ③ Consultation and Reporting Desk

We have established a consultation and reporting desk for human rights issues for the entire Group. In addition, we have established the "EXEDY Hotline," a counter where employees can consult and report directly to outside attorneys, to prevent and detect human rights issues as well as other issues at an early stage. To ensure that all employees are aware of this, we specify the Consultation Desk in the EXEDY Code of Conduct, which is distributed to all group members, to raise awareness of our commitment toward respect for human rights. Furthermore, we clearly state that we will protect the privacy of the person consulting or reporting and that we will not take any disadvantageous action because the person consulted or reported.

During an on-site audit by the Global Audit Department at the Hungarian site in FY2024, it was found that the contact information for the internal reporting desk at that site was not clearly stated in the Code of Conduct. In response, as a corrective action, the local reporting desk for each company was clearly stated in the Code of Conduct (in all distributed languages), and awareness was raised regarding the promotion of the use and dissemination of this desk.



**[Visszaélésük bejelentése]**  
A belső visszaélés-bejelentési rendszerben jogelleges vagy jogellenesnek feltételezett cselekményre vagy mulasztásra, illetve egyéb visszaélésre vonatkozó információt lehet bejelenteni.  
Levélen, postal úton: a foglalkoztatott székhelyére  
Telefonon: +36/70 947 70 93  
E-mailben: panasz@exedydynax.hu  
Egyéb: lezárt, megcímzett borítékban a HR iroda postaládába  
✉ Amennyiben valamilyen okból néhánysegébe töközik a belső csatorna használata, a Japán alábbi címen is megteheti bejelentését.  
E-mail : info@exedy.com

Hungarian version of the "EXEDY Code of Conduct" and contact information for the consultation desk.

### ④ Responsible Sourcing of Resources and Raw Materials

We conduct procurement activities that consider the impact on local communities from the use of raw materials that could cause social issues such as human rights and environmental problems, and implement measures to avoid their use if there are concerns. In FY2024, with the cooperation of our suppliers, we investigated the usage of conflict minerals and other materials and reported the results to our customers.

### ⑤ Payment of wages

We comply with the laws and regulations of each country in which we pay wages and set amounts exceeding those specified in each country and region, by industry sector, etc., to guarantee a living wage. In addition, based on the concept of equal pay for equal work, we carry out effective management to prevent unreasonable disparities between non-regular and regular employees. We also ask our suppliers to comply with the applicable laws and regulations of each country in our CSR Guidelines.

### ⑥ Expansion into the supply chain

Regarding efforts to respect human rights, we have expanded the "Supplier Sustainability Guidelines" to our suppliers in Japan and overseas, and requested their expansion to the further supply chain.

# Strategies for Strengthening Natural Capital

## The Concept of Value Creation

Through our business activities, we utilize mineral resources, industrial water, energy resources, etc. as raw materials for our products, and therefore strive to use natural capital efficiently and reduce the environmental impact. In particular, because energy resources are used during the manufacturing process and when the final product is used, and thus affect climate change, we have set a long-term vision of "Contribute to minimizing environmental impact, including the creation of a decarbonized society," and will work to preserve the global environment and create economic value.

## Target and Actual

	Target (FY2030)	Actual (FY2024)
<b>Greenhouse Gas Emissions (Compared to FY2019)</b>	▲ 46%	▲ 32.3%

## Initiatives

### (1) Initiatives Regarding Environmental Issues

Our Group operates environmental management systems such as ISO 14001 and promotes daily environmental conservation activities based on group policies and Mid-Term Management Plan. In consideration of laws, regulations, and stakeholder requirements, each division addresses environmental issues specific to its region and business category, such as pollution prevention, legal compliance, coexistence with local communities, and reduction of environmental impact. We regularly hold issue-specific and region-specific environmental meetings to obtain synergistic effects for the entire EXEDY group through environmental conservation activities that utilize the characteristics and strengths of each subsidiary. We are taking initiatives to strengthen our environmental management system on a global basis by formulating and implementing group policies and environmental goals, sharing responsibilities and best practices among our subsidiaries, and monitoring their progress. For details on our environmental policy, management system, and initiatives, please refer to the following.

[Environment / EXEDY Corporation \(exedy.com\)](#)

[Environmental Management / EXEDY Corporation \(exedy.com\)](#)

[Efforts to Reduce Environmental Impact / EXEDY Corporation \(exedy.com\)](#)

In addition, we recognize the reduction of greenhouse gas emissions as one of the most important environmental issues. So we have established long-term targets at the Board of Directors meeting and medium-term targets at the Sustainability Meeting chaired by the President & CEO to manage progress.

### (2) Examples of Renewable Energy Adoption for Reducing Greenhouse Gas Emissions

#### Power Generation by Solar Panels and Purchase of Renewable Energy-Derived Electricity

Group companies have installed solar panels on the roofs of each factory and building to generate their own electricity. In FY2024, the Group as a whole generated a total of 5,094.1 thousand kWh of electricity, and the self-consumption rate for total electricity used was 1.3%.

Furthermore, we are also promoting the purchase of renewable energy-derived electricity at each of our sites. The main results for FY2024 are as follows.

Company	Country	Purchased (thousand kWh)
EXEDY Clutch India	India	13,284
EXEDY-DYNAX Europe	Hungary	6,255
EXEDY Friction Material	Thailand	5,510

To protect the natural environment and biodiversity of each country and region, our Group sympathizes with and supports new international initiatives such as the Kunming-Montreal Global Biodiversity Framework and the WASH (Water, Sanitation, and Hygiene) program, and is working on sustainability activities rooted in the local community at each of its bases.



Tree planting activities at EXEDY Friction Material Co., Ltd.



Tree Planting Activities and Environmental Declaration at EXEDY Clutch India Pvt. Ltd.

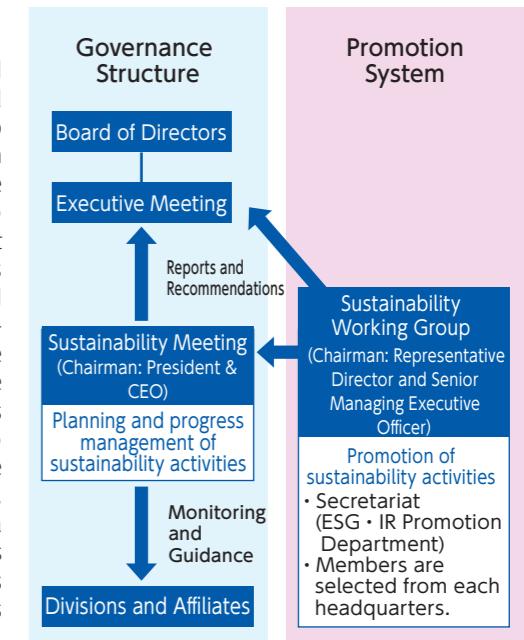


## Information Disclosure Under the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

Our Group aims to achieve carbon neutrality (substantially zero greenhouse gas emissions) by 2050 in response to the international challenge of preventing global warming. Our Group is working on the introduction and development of next-generation electrified products and future products. In addition, Our Group has expressed its support for the Climate-related Financial Disclosure Task Force (TCFD), the TCFD Consortium, and the Japan Climate Initiative (JCI), and is working to strengthen the resilience of its strategies (ability to adapt and survive) by analyzing the impact of climate change on its business and the resulting risks and opportunities based on multiple scenarios and reflecting them in its management strategies and financial plans.

### ① Governance

Our Group recognizes climate change as an important environmental issue. After deliberation by the Management Committee and the Board of Directors, Our Group has chosen to contribute to the creation of a decarbonized society as one of its Long-term Visions, and has established climate-related KPIs (Key Performance Indicators). In addition, to achieve the vision and KPIs, Our Group has established a Sustainability Committee as a meeting body that formulates sustainability action plans and manages progress. This meeting is chaired by the President & CEO, and attended by all executive officers (including those stationed overseas) and the full-time corporate auditors, and is held twice a year. The committee deliberates and decides on medium- to long-term goals and the necessary responses based on laws and regulations and the needs of interested parties, and discusses matters that are deemed to have a significant impact on the business at the meeting of the Management Committee and the Board of Directors. Furthermore, Our Group has formed the Sustainability Working Group as a working force to promote sustainability activities. The group is chaired by a director and senior managing executive officer, and its members are elected from each headquarters, promoting activities across the company.



## Strategies for Strengthening Natural Capital

### Information Disclosure Under the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

#### ② Strategy

##### A. Scenario Assumption

To understand the potential financial impact of climate change on Our Group's operations and to identify climate-related risks and opportunities, Our Group referred to external scenarios such as the International Energy Agency's (IEA) World Energy Outlook and the 2 ° Investing Initiative as benchmarks. Our Group also reviewed the scenario analysis for the automotive industry, assumed an overall scenario based on Our Group's perception of its long-term business environment, and identified climate-related risks and opportunities by analyzing the differences between the scenario and Our Group's long-term strategy. The scenarios were defined based on an analysis of all global businesses, and categorized into IEA NZE, IEA STEPS, and a 4°C scenario (a case in which little progress is made in mitigating global warming) against two axes: transition risk and physical risk.

	Parameter	CY2023	STEPS 2.4°C	NZE 1.5°C	Provenance
Transition risk	Carbon price (US\$/t-CO <sub>2</sub> )	—	EU CY2030 : 140 CY2040 : 149 CY2050 : 158	developed countries CY2030 : 140 CY2040 : 205 CY2050 : 250	IEA "WEO2024" <sup>**5</sup>
	Changes in the energy mix	—	USA ① ② CY2023 : 105 55 CY2030 : 165 35 CY2050 : n.a. 25	USA ① ② CY2023 : 195 55 CY2030 : n.a. 30 CY2050 : n.a. 25	
	CO <sub>2</sub> conversion index (t-CO <sub>2</sub> /MWh)	0.458	CY2030 : 0.312 CY2035 : 0.219 CY2040 : 0.164 CY2050 : 0.111	CY2030 : 0.195 CY2035 : 0.050 CY2040 : 0.003 CY2050 : -0.004	
	Raw material price ① Conventional method ② Groundbreaking Construction Method (US\$/t)	CY2023 : ① 510-630 ② n.a.	CY2030 : ① 470-560 ② 650-870 CY2050 : ① 470-560 ② 650-870	CY2030 : ① 550-750 ② 730-910 CY2050 : ① 730-850 ② 680-830	
	Changes in customer behavior	EV sales volume	CY2020 : 4% CY2022 : 14% CY2023 : about20%	CY2030 : 45% CY2035 : 55%	CY2035 : 100%

	Parameter	CY2016	4°C <sup>*3</sup>	2°C (1.5°C) <sup>*4</sup>	Provenance
Transition Risk	Changes in customer behavior	Gasoline diesel vehicle sales volume	Current status(=100%)	100% in 2050 LCT <sup>**1</sup>	90% reduction in 2050 ACT <sup>**2</sup>
Physical risk	Average Temperature Rise	Air conditioning cost (US\$/person/year)	about19	CY2030 : about30 CY2050 : about60	IEA "The Future of Cooling"
	Intensification of extreme weather	Flood frequency	CY2018 (= 100%)	CY2040 : 400%	MLIT "Recommendations for Flood Protection Planning in the Context of Climate Change" 2019
		Occurrence of typhoons and cyclones	26cases/year in2016	Decrease in frequency, potential increase in intensity	Japan Meteorological Agency / Environment Agency

\*1 : Limited Climate Transition, \*2 : Ambitious Climate Transition, \*3 : Case where global warming countermeasures do not make much progress,\*4 : Case where global warming countermeasures are accelerated (1.5°C scenario in some cases),\*5 : International Energy Agency "World Energy Outlook",\*6 : Investing Initiative

## Strategies for Strengthening Natural Capital

### Information Disclosure Under the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

#### ② Strategy

#### B. Identifying climate-related risks and opportunities

After analyzing the differences between the above scenarios and Our Group's understanding of the business environment, which is the premise for its long-term strategy, Our Group has identified the key items that it believes will have a huge potential financial impact on its business, as follows.

[Time axis] Short-term <0-2 years>, medium-term <3-9 years>, long-term <10 years or more> [Impact] Impact on EXEDY Group's business

Key Items	Potential Financial Impact	Time axis Impact	Countermeasures
Main risks	<b>Increase in direct costs due to introduction of renewable energy</b> <ul style="list-style-type: none"> <li>Greenhouse gas emission reduction target (FY2030) -46% compared to FY2019. Measures: energy conservation activities (annual reduction of 1%) and introduction of renewable energy</li> <li>If energy conservation activities are carried out as planned, the estimated cost of renewable energy in FY2030 is 1.31 billion JPY/year.</li> <li>&lt;Carbon price in 2030: 140 US\$/t-CO<sub>2</sub>&gt;</li> </ul>	Medium-term / High	<ul style="list-style-type: none"> <li>Internal carbon pricing will be introduced from FY2023 (JPY11,000/t-CO<sub>2</sub>, as of the end of August 2024)</li> <li>Research and introduction of methods to reduce greenhouse gas emissions, including renewable energy both in Japan and overseas (Major implementation results and reduction effects in FY2023 &lt;t-CO<sub>2</sub>/year&gt;)</li> <li>Investment amount: 7.98 billion yen</li> <li>DYNAX introduces biomass boiler: 3,501t (investment amount: 700 million yen)</li> <li>EXEDY Thailand, solar panel installation: 1,416t (investment amount: 120 million yen)</li> <li>DYNAX introduces solar carports and solar power generation: 1,580t (investment amount: 740 million yen)</li> <li>EXEDY to abolish (relocate) pressurized furnace: 481t (investment amount: 6.42 billion yen)</li> </ul>
	<b>Decrease in sales due to suspension of sales of internal combustion engine vehicles and accelerated transition to electric vehicles</b> <ul style="list-style-type: none"> <li>In the 2DII scenario, sales of internal combustion engine vehicles will decrease by 90%. &lt;FY2050&gt;</li> <li>Of the EXEDY Group's sales, 89% is for internal combustion engines, and the impact on sales in FY2050 will be approximately -250 billion JPY.</li> </ul>		<ul style="list-style-type: none"> <li>Collection of information on regulations and customer trends related to internal combustion engine vehicles in Japan and overseas</li> <li>Cultivate and further create new businesses by introducing a project system <ul style="list-style-type: none"> <li>April 2024, 6 projects formed &lt;71 members / labor costs 450 million yen, FY2030 / new business sales target 100 billion yen&gt;</li> <li>(Electrified products under development &amp; mass production/limited sales start date)</li> <li>Drone: FY2023 &lt;Propeller&gt;</li> <li>Smart robots: FY2025</li> <li>CVT drive unit for 2-wheel/3-wheel BEV: FY2024</li> <li>Electric assisted pallet truck: FY2024</li> <li>Wide-range drive system for BEV: FY2028</li> </ul> </li> </ul>
	<b>Decrease in sales due to factory shutdowns and supply chain disruptions</b> <ul style="list-style-type: none"> <li>According to the MLIT's "Recommendations for Flood Protection Planning in the Context of Climate Change", the frequency of flooding is expected to double (2°C) to quadruple (4°C) by FY2040.</li> <li>If operations are suspended (for 5 days) in Japan and Asia (69% of total manufacturing), where flooding is most likely to occur, the impact on sales will be -4.4 billion JPY.</li> </ul>		<ul style="list-style-type: none"> <li>Implementation of risk assessment using hazard maps</li> <li>Implementation of measures in line with risk assessment <ul style="list-style-type: none"> <li>Completion of relocation of plants with the greatest risk in FY2020</li> <li>Installation of temporary flood barriers, etc.</li> </ul> </li> <li>Formulation of business continuity plan that includes suppliers</li> </ul>

Regarding the transition risk, Our Group evaluated that the potential financial impact on Our Group's business is high due to stricter government regulations on greenhouse gas emissions, stricter regulations on existing products, and market changes. Regarding physical risks, Our Group evaluated the potential financial impact from the increasing severity and frequency of extreme weather events to be high.

[Time axis] Short-term <0-2 years>, medium-term <3-9 years>, long-term <10 years or more> [Impact] Impact on EXEDY Group's business

Key Items	Potential Financial Impact	Time axis Impact	Countermeasures
Main opportunities	<b>More efficient production and logistics process utilization</b> <p>Lower energy costs through more efficient production</p> <ul style="list-style-type: none"> <li>One of the measures of the Long-term Vision/reduction of greenhouse gas emissions (-46% in FY2030 compared to FY2019) is -1% annually in energy-saving activities (-11% in FY2030). This action is expected to reduce costs by approximately 1.29 billion JPY.</li> </ul>	Medium-term / High	<ul style="list-style-type: none"> <li>Continuation of energy-saving activities</li> <li>Promotion of production technology development that contributes to further production efficiency</li> <li>Examination of optimal production system with consideration of sales forecasts for existing flagship products</li> <li>The above activities result in cost savings of 410 million yen per year in FY2023</li> </ul>
Main opportunities	<b>Development and sales expansion of low emission products</b> <p>Increase in sales due to higher demand for products for HEVs (Japan and China)</p> <ul style="list-style-type: none"> <li>While regulations on internal combustion engine vehicles are becoming stricter in Europe and the United States, HEVs (hybrid vehicles) are not subject to regulations in Japan and China. In addition, the slowdown in the shift to BEVs has led to an increase in HEV demand worldwide.</li> <li>Global HEV sales forecast for FY2030 is 34.8 million units (18.1 million units in FY2023).</li> <li>Products for full HEVs (damper) and mild HEVs that contribute to decarbonization</li> <li>Technological developments (torque converters, flywheels, friction materials, clutches, etc.) are expected to have an impact of 12.19 billion yen on sales of HEV products in FY2030.</li> </ul>	Medium-term / High	<ul style="list-style-type: none"> <li>The target for the "sales ratio of products that contribute to decarbonization," established in / July 2021, will be raised to January 2024, and the creation and expansion of products for HEVs and BEVs will be accelerated.</li> <li>The revised targets are 21% for FY2030, 79% for FY2040, and 83% for FY2050.</li> <li>June 2023: Establish a new production line for HEV dampers at the head office factory (investment amount: 480 million yen). Orders for this product are expected to grow from 413,000 units in FY2022 to 600,000 units in FY2027.</li> </ul>
Main opportunities	<b>Development of new products through R&amp;D and technological innovation</b> <p>Sales increase due to increased demand for electrified products such as BEV</p> <ul style="list-style-type: none"> <li>Although there is a recent slowdown in sales, the mid-to long-term trend towards BEVs remains unchanged, with global BEV sales forecast for FY2030 at 42 million units (12 million units in FY2023). Developing electrified products for automobiles through technological development of wide-range drive systems for BEV</li> <li>In addition to automobiles, the company is working on developing new products for drones, smart robots, electric two-wheeled and three-wheeled vehicles, etc., aiming to have a 100 billion yen impact on sales of new products in FY2030</li> </ul>	Medium-term / High	<ul style="list-style-type: none"> <li>In July 2021, "Ratio of R&amp;D expenses for new product development" was set as a KPI.</li> <li>Target of increasing the ratio to 70% by FY2030 and 90% by FY2050</li> <li>"New product sales ratio" was added as a KPI in January 2024</li> <li>Target of 30% in FY2030, 86% in FY2040, and 94% in FY2050</li> <li>Strengthening the system for cultivating and creating new businesses</li> <li>Introduction of project-based system, establishment of R&amp;D centers in India and the UK, and increase in staff at Silicon Valley office</li> <li>From April 2023, the company invests a total of 5.8 billion yen in nine startups and other companies that have the necessary knowledge in motor and drone-related technologies.</li> </ul>
Main opportunities	<b>ESG evaluation leads to higher stock prices</b> <p>Improvement in PBR and increase in market capitalization due to higher valuations at ESG rating agencies</p> <ul style="list-style-type: none"> <li>There are more than 4,000 signatories to the UN/PRI (Principles for Responsible Investment), with total assets under management of US\$120 trillion. They incorporate ESG issues into their investment analysis and decision-making process, and improved ratings from ESG rating agencies are one of the incentives for investors to hold the company's shares.</li> <li>As part of efforts to improve corporate value (PBR), we are promoting ESG strategy through improving its ESG evaluation. If we can improve PBR from the current level (0.66x, market capitalization of 155.7 billion yen) to 1x, it is expected that the market capitalization will increase by approximately 80 billion yen.</li> </ul>	Medium-term / High	<ul style="list-style-type: none"> <li>Promoting ESG strategies through activities to improve FTSE scores and CDP ratings</li> <li>FTSE score improved from 3.7 to 4.3, CDP rating maintained at B</li> <li>Since February 2023, when we first issued our integrated report, our stock price (+81%) has outperformed the Nikkei average (+37%)</li> <li>In April 2024, we will establish a new ESG/IR Promotion Department to further promote our ESG strategy (expenses of 31 million yen).</li> </ul>

As for opportunities, Our Group believes that the utilization of more efficient production and logistics processes, the development and sales expansion of low-emission products, and the development of new products through R&D and technological innovation have a high potential financial impact on Our Group's business.

## Strategies for Strengthening Natural Capital

### Information Disclosure Under the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

#### ② Strategy

##### C. Impact on Management Strategy

In light of the global trend toward carbon neutrality, the progress of BEVs, and the shrinking of business for internal combustion engine vehicles, which were recognized through the identification of the risks and opportunities mentioned above, the Management Committee and the Board of Directors deliberated on the matter, and in April 2024, we formulated and announced mid- to long-term strategy and mid-term management plan "REVOLUTION 2026." The mid- to long-term strategy is comprised of a business strategy, a financial strategy, and an ESG strategy, and the core of the business strategy for FY2030 is the transformation of our business portfolio. This is a strategy to improve the profitability of current businesses and concentrate human resources and funds on creating new businesses. Our targets for FY2030 are sales of 330 billion yen, operating profit of 30 billion yen, ROE of 8%, and a new product sales ratio of 30%. In addition, Mid-Term Management Plan "REVOLUTION 2026" is a three-year mid-term plan through FY2026 with a view to FY2030, and is a plan to revolutionize the time axis, approach methods, business models, etc. The core of the business strategy in this plan is 1) painful structural reform, 2) optimization of production system, and 3) Creation and Development of New Businesses. To further accelerate 3), we have introduced a project system, established R&D centers in India and the UK, and increased staff at our Silicon Valley office. In addition, a core element of our ESG strategy is the promotion of sustainability activities through activities to improve our evaluations from external evaluation organizations, and we established the ESG/IR Promotion Department in April 2024 to promote these activities.

##### D. Impact on Financial Planning

The main impacts on the financial plan are (1) Impairment loss due to painful structural reforms and (2) increased investment in creating and nurturing new businesses. This matter is also being discussed by the Management Committee and the Board of Directors. As for (1), it became clear that the torque converter business in Japan & China will rapidly shrink as the shift to BEVs continues, and based on the impairment test in the FY2023 financial statements, we recorded an Impairment loss of 31.9 billion JPY related to business assets for torque converters in the AT business. The Company plans to reduce the depreciation burden of the AT business from FY2024 onward and to REVOLUTION the profitability of this business.

All torque converter production bases in the AT business (Japan, China, U.S.A. and Mexico) except for Thailand have already been impaired. For (2), in addition to the ratio of R&D expenses for new products, we have set the ratio of new product sales to total sales as an additional KPI, with the target of 30% in FY2030, 86% in FY2040, and 94% in FY2050. Accordingly, we plan to invest 30 billion JPY in growth in our capital allocation for FY2024-FY2026. We will invest flexibly in M&A as a strategic investment and concentrate human and financial resources in new product development as an R&D investment. As for M&A, since April 2023, we have invested a total of 5.8 billion JPY in 9 startups and other companies that possess the necessary knowledge of motors, drone-related technologies, etc. We have also dispatched human resources to promote the creation and development of new businesses. In addition, in order to strengthen new business creation activities, the company has budgeted 450 million JPY in personnel expenses, with the introduction of a project system from April 2024.

#### ③ Risk Management

The EXEDY Group's risk management action guideline is to prepare in advance to prevent emergencies and minimize damage. To ensure that these measures are implemented, we conduct risk management after evaluating and identifying risks. We identify major risk items related to safety and health, environmental preservation activities, and business continuity management activities, based on the frequency of occurrence, degree of impact, and surrounding conditions. We are working to strengthen our management system by clarifying the department responsible for each risk, the degree of impact of each risk, the causes of its occurrence, and proactive preventive measures.

Regarding climate-related risks, the Sustainability Committee plays a central role in analyzing scenarios, assessing and identifying risks, and managing the progress of response measures. The status of the response to major risks is as follows. Regarding the risk of sales decline due to the suspension of sales of internal combustion engine vehicles, etc., the Management Committee and the Board of Directors have discussed the issue, and developed a Long-term Vision, and strengthened the product development system. Regarding the risk of increased direct costs from the introduction of renewable energy due to stricter government regulations, the Sustainability Working Group is researching and studying measures to address this issue, including gathering information on renewable energy options. Regarding the risk of supply chain disruptions due to floods and other disasters, the Risk Management Committee, consisting of the President & CEO, (Senior) Executive Managing Officers, and full-time Audit and Supervisory Board Members, is discussing and promoting business continuity plans for suppliers and other parties.

#### ④ Metrics and Targets

The EXEDY Group is working to achieve carbon neutrality by FY2050, and has set the following targets for FY2030 and FY2050 based on the "NET GHG (greenhouse gas) emission reduction rate" as a climate-related KPI, and is confirming progress at the Sustainability Conference.

Metrics	NET GHG Emissions Reduction Rate Scope 1 (direct emissions) + Scope 2 (indirect emissions: electricity, etc.)
Targets	FY2030 -46% <compared to FY2019> FY2050 -100% <same as above>
Actual FY2024	Reduction rate (Scope1 + 2) -32.3% <Compared to FY2019> Emissions (1000t-CO2) Scope 1: 28.7, Scope 2: 140.8, Scope 3: 1489.4

As described above, the EXEDY Group recognizes climate change as an important environmental issue and has positioned the Board of Directors and the Sustainability Committee as governance and the Sustainability Working Group as the business promotion organization to establish KPIs and promote sustainability activities. Also, we have analyzed the circumstances surrounding our company based on multiple scenarios to identify significant risks and opportunities, and have estimated the potential financial and strategic impact of climate change on our business, and reflected this information in our management strategies and financial plans. In particular, we have incorporated measures to address major risks and opportunities into our Long-term Vision and consolidated mid-term management plan. By steadily implementing these measures, we will strengthen the EXEDY Group's resilience against the impact of these risks on product demand and other factors.

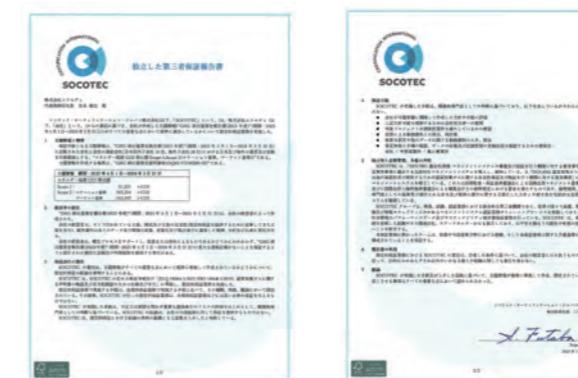
#### ⑤ Independent Third-Party Assurance

We have received independent third-party assurance of the Group's GHG emissions as described below.

Period: April 1, 2023 to March 31, 2024

Coverage: Energy-derived CO2 emissions from the Group, Scope 1 and Scope 2 (location-based and market-based)

Independent Assurance Report: [Environmental Reports / EXEDY Corporation \(exedy.com\)](https://www.exedy.com/en/environmental-reports/exedy-corporation/)



## Outside Directors Discuss EXEDY's Path to REVOLUTION

To strengthen the supervisory function of the Board of Directors, our company is working toward making a majority of our directors independent outside directors by June 2025 and appointing independent outside directors as chairpersons of the voluntary Nomination and Compensation Committees.

Frank discussions were held between outside directors, who possess diverse expertise and experience, and our Representative Director, Senior Executive Managing Officer, Hiroshi Toyohara, on a wide range of themes such as progress in Mid- to Long-term Strategy, governance systems, and human resource strategies.



Outside Director  
Chairperson of the  
Nomination Committee  
● Takashi Hayashi

Outside Director  
● Kimiko Ito

Representative Director, Senior  
Executive Managing Officer  
Executive General Manager of Corporate  
Strategy Promotion Headquarters  
● Hiroshi Toyohara

Outside Director  
Chairperson of the  
Compensation Committee  
● Fukuko Inoue

Outside Director  
● Toshiki Takano

### Discussion theme 01

#### Evaluation of the progress of the Mid- to Long-term Strategy and new challenges

**Toyohara** : Thank you for your time today.

We are now in the second year of our Mid- to Long-term Strategy management plan, which serves as the first phase toward realizing the Mid-Term Management Plan strategy we have been conceptualizing and preparing for over the past several years.

First, please tell us frankly how each of you, as directors, feel about the current progress of the Mid- to Long-term Strategy.

**Takano** : We extremely appreciate the various financial initiatives that have been promoted over the last year.

In terms of what kind of overall picture the company is aiming for, we recognize that measures such as analyzing financial indicators and setting targets are excellent initiatives.

In the core businesses, we recognize that efforts are being made to revise prices and improve profit margins.

As for new businesses, we are promoting five new

product projects and created the Strategic Business Headquarters in April of this year to support these projects and create further new businesses, giving the impression that we are finally focusing on them. However, while the concept of promoting the delegation of authority to project directors to speed up the process is very important, I feel that there is still a tendency to ask too much of management for confirmation. It may be that the project directors themselves have not been able to break away from conventional practices, but management should also encourage decision-making by sometimes pushing them away, telling them to think and act on their own since they have been entrusted with the project. As another issue, I suggest that the transition to mass production should be promoted as soon as possible. I feel that the process of bringing new products to customers is overly cautious, and I am well aware that this is a corporate culture that has been fostered over 70 years and is not something that can be changed so easily.

However, I dare to say that if we are oriented toward REVOLUTION, it will be difficult to nurture what is called a venture spirit unless we lead them in that direction, even if only gradually.

**Hayashi** : As I have experienced, the Japanese auto parts industry has operated for many years

with the very culture that "failure is not tolerated". However, even though there was a period of poor sales due to quality problems in the early years, some companies did not fear failure and tried again, resulting in success and now becoming one of the world's leading automobile manufacturers. Hearing what you just said, I felt that we should also emulate this attitude. I also believe that top management should be involved in new businesses at every milestone. Thoroughly evaluate the next steps, leaving responsibility to the field in the meantime; if mistakes are made, the field improves on its own, checking with each other at milestones, correcting course as necessary, and moving forward. We believe that top management must show strong leadership for "REVOLUTION" and be willing to break out of the existing framework while allowing for some degree of failure.

**Inoue** : I recognize that the company is currently very active in terms of implementing management practices that are conscious of the cost of capital and stock price. As you have discussed regarding the promotion of new business, the current emphasis is on "agility" and "resilience". In other words, they need to be able to act quickly and recover quickly even if they fail. And it is crucial that such a mode of behavior be recognized as the prevailing norm. No matter how well organized an organization is, ultimately people must work. Since each individual's behavior is greatly influenced by the organization's unique culture, I recognize that how to foster that culture in the future is a point to be considered along with numerical targets. I believe that this is a role that only management can accomplish. I feel that if those at the top send out messages such as "agility is important" and "it is okay to fail, instead, let's increase our resilience," it will lead to further acceleration. In addition, so-called human capital management emphasizes the linkage between business strategy and human resource strategy. I feel that there are aspects of that HR strategy that are somewhat difficult to see at present. We are implementing excellent



initiatives such as the granting of restricted stock to employee stock ownership plans, but I believe that if management can tell a clear story about what kind of company it wants to be in the future, what kind of image it is aiming for, the kind of human resources it needs to achieve this, and why it is implementing these measures, stakeholders will have a stronger sense of the company's solidity for the future. And by actively communicating internally with the same level of enthusiasm as we do externally, I believe that each and every employee will begin to think about what they should be doing on their own.

**Ito** : In my case, it has been exactly two full years since I became an outside director in 2023, and I am now in my third year.

A recent assessment of Mid- to Long-term Strategy is quite simply that the share price has increased significantly, from around 2,000 JPY in 2023 to more than double that, which is very gratifying.

I strongly feel that our management decisions to return profits to shareholders, such as the dividend increase and the 45 billion JPY share buyback implemented last fiscal year, have been well received by the market.

The company also has a wide range of new business initiatives and a positive attitude.

While there may be a variety of internal challenges, I believe that these points are appropriately valued by the market.

However, I do have one concern.

It is precisely because our employees have great pride and confidence in our world-leading technologies and achievements that they are quite anxious about the changes that lie ahead.

I believe this is a natural sentiment. It is necessary to share even just one success story, no matter how small, with all the employees. I recognize that this is the role of new businesses, but it involves various challenges. However, by doing so, I believe that employees can have a sense of security and hope, and maintain their motivation.



## Outside Directors Discuss EXEDY's Path to REVOLUTION

**Hayashi** : The stock price serves as a performance report as seen from the outside, and at present, it is favorable. However, since ROE reflects the relationship between profit and shareholders' equity, there is an aspect where ROE can increase even with the same level of profit, simply by compressing equity capital. To be frank, I feel that the current situation includes such circumstances. As part of our shareholder return policies, we are returning internal



reserves in the form of dividends, but in order to maintain these dividends in the future, it is necessary to improve our profits. If the situation in which profits do not improve continues, there is a possibility that growth could stall at some point. I recognize that your current efforts to maximize both new and existing businesses in order to increase profits are an extremely important and appropriate course of action for the company. However, it is desirable to further improve our sense of speed, make our efforts in human resource development and corporate culture REVOLUTION more visible, and share these initiatives throughout the entire company.

**Toyohara** : Thank you very much.

I also consider the points everyone has raised to be issues, and I am working to address them within the company.

I believe that mindset is indeed crucial when it comes to running new businesses.

We treat each project as a virtual company, with the project leader acting as the president and EXEDY's management participating as outside directors who supervise the board of directors, in order to proceed with the project in this format.

However, the reality is that not everything is progressing exactly as planned.

Amid these circumstances, a concrete result has been the launch of sales, and a relatively large-scale example of this is the "Small e-Mobility Project" in India. After overcoming various problems, we were finally able to receive the order and proceed to shipment.

I feel that this is largely due to factors related to

India's unique culture and market characteristics. Currently, areas such as control technology, electrical engineering, and software have become more valuable, and as a result, the value of the hardware we specialize in has relatively declined.

For example, even when developing a certain type of motor, it must be provided as an integrated system that includes the inverter to control it, the power transmission system, and an even more advanced control system.

In other words, it is not enough to just develop and sell the product itself.

It is necessary to approach business with a marketing mindset of "what value to provide to whom," and for that reason, as you mentioned, I believe it is important to REVOLUTION corporate culture.

We sincerely accept the advice you have given us today and will work to speed things up even further.

### Discussion theme 02

#### Strengthening governance and changes in the role of the board of directors

**Toyohara** : I would also like to hear your thoughts on our efforts to strengthen corporate governance and the role of the Board of Directors.

**Ito** : I can strongly sense the company's commitment to enhancing governance.

I believe the shift to having four outside directors and three internal directors was a very significant decision.

Similarly, the fact that the chairpersons of the Nomination Committee and the Remuneration Committee are assumed by outside directors strongly conveys the intention to strengthen governance, and I am keenly aware of the gravity of this responsibility.

**Hayashi** : Regarding the board of directors, I understand that authority is being increasingly delegated to the executive team within the company. However, in general, this can be a double-edged



sword, as it risks leading to an insufficient flow of information to outside directors and a reduction in discussions at board meetings. Nevertheless, our company is making active efforts to disclose information to us outside directors, such as holding advance briefing sessions by Senior Executive Officer Toyohara before Board meetings, granting access rights to the company intranet, and including us in the "Executive Group Discussions" attended by executive officers and above. I feel that these efforts are helping to create an environment in which more strategic topics can be discussed at board meetings. Therefore, I believe that going forward, it will become even more important to consider "what should be discussed."

Regarding the Nomination Committee, which I chair, I recognize the need to clearly delineate the scope of nominations made by the committee and the scope of decisions made by the Board of Directors.

I believe the Nomination Committee is responsible for nominating directors and deciding the CEO, while the Board of Directors should objectively deliberate personnel matters.

For that reason, I believe it is necessary for the scope of authority of the executive team to be clearly defined at the board of directors, and for the nominating committee to further verify the related information. I will approach each of these roles with an awareness of their differing perspectives.

**Inoue** : I also believe that the framework for governance is steadily being put in place. However, when it comes to the question of "what kind of personnel should be assigned to which tasks," the actual substance is more important than the form. Since it is desirable to assign suitable personnel after thoroughly discussing what kind of human resources are appropriate, I think that having some sort of objective assessment would make this decision easier.

However, implementing it requires a considerable amount of effort, so it is also necessary to consider whether or not to introduce it, as well as how to unify the differing perspectives of each director.

**Takano** : As I mentioned before, I think there is also an approach where you first clearly decide on the direction and what kind of business you want to develop, and then leave the rest to those on site. However, if it is reported at the board of directors meeting that 'it has already been implemented' without any prior discussion, members will be at a loss as to how to respond, so that is problematic. Therefore, it is necessary to establish clear guidelines such as: "Within this scope, you are free to act. As long as you meet these criteria—not only in terms of business direction, but also with the judgment of the department manager on site—it is acceptable.



Afterward, simply report the results." At the same time, I feel it is necessary to pay closer attention to and learn from the efforts and information coming from the front lines, including those under consideration or currently being implemented.

**Toyohara** : I am aware of exactly the same issues as you are.

Basically, in the past, the company side, or the executive side, submitted proposals for approval at board meetings.

Since we are trying to separate execution and supervision, we would like to delegate authority to execution with certain restrictions, but then the question arises, "What should be discussed at the board meeting?"

I recognize that the role of directors is to discuss "what we are aiming for," that is, "what value we will provide and how we will set medium- and long-term goals," and to appoint the people who will execute these goals.

There have been some REVOLUTION over the past year, but we have been able to respond relatively quickly, mainly because of the nature of the financial initiatives, which can be changed if we, the directors, decide to do so.

However, I am determined that the real work is just beginning.

I look forward to your continued frank opinions and guidance in our efforts to realize our Mid- to Long-term Strategy.

Thank you very much for your time today.



# Strengthening Corporate Governance Structure

## Board of Directors

### Structure

EXEDY's board of directors is comprised of 7 individuals, 4 of whom serve as independent outside directors. Our Board of Directors holds regular meetings once a month, and, when deemed necessary, additional meetings are held under special circumstances, where directors thoroughly discuss the matters at hand and make management decisions regarding them. In FY2024, 13 meetings were held. By appointing 4 independent outside directors, more than half of the 7 directors, the Company strives to strengthen its monitoring and supervisory functions and to enhance the Company's sustainable growth and corporate value over the mid-to long term. In addition, we appoint directors from among executive officers who are familiar with our business and individuals with experience as representatives of major subsidiaries, while also appointing female directors and outside directors and auditors with advanced expertise, thereby achieving a balance in the diversity of the Board of Directors and their overall knowledge, experience, and ability.

### Discussion content of the Board of Directors

The number of major items discussed (resolutions and reports) at the Board of Directors meeting in FY2024 is shown on the right.

During the fiscal year, discussions were held on capital policy in the process of implementing our mid-to long-term strategy, restructuring of production capacity of current businesses for business portfolio transformation, and decision made to implement the collaboration and investment with startups.

Main topics and number of agenda discussed at the Board of Directors meetings in FY2024

Category	Number
Business Strategy	15
Governance, risk management and internal control	13
Business execution report	12
Accounts and finance	11
Human Capital · Human resources	7
Deliberations on individual Proposal	9
Grand total	67

### Assessment of Board of Directors' Effectiveness

We conduct a survey every year to evaluate the effectiveness of our Board of Directors. Along with a quantitative evaluation, we receive recommendations regarding issues and areas for improvement. The identified issues and initiatives are reported to and discussed at the Board of Directors meeting, and improvements are made.

#### Outline of the questionnaire survey to evaluate the effectiveness of the Board of Directors

Survey target : All directors and auditors

Frequency : Once a year

Evaluation items : Composition and operation of the Board of Directors · Support for outside directors · Delegation of authority and enhancing deliberation · Status of discussions on corporate philosophy and business strategy

#### Issues identified and Initiatives in FY2024

Regarding the effectiveness of the Board of Directors in FY2024, the results of the questionnaire conducted in April 2025 indicate that the effectiveness of the Board of Directors is generally ensured.

The following opinions and proposals were made from directors and auditors to further improve effectiveness:

- Opinions that the functions of the Board of Directors should be reconsidered
- Opinions that discussions on the state and vision of the company should be more active

Based on the above opinions and proposals, as initiatives for fiscal year 2025, we will further make the activities of the Nomination Committee and Remuneration Committee, which are voluntary committees, more substantial, and we will also consider changes to the design of the organization, including a shift to a company with a Nominating Committee.

In addition, our company holds "Executive Group Discussion" twice a year, in which Executives discuss the company's ideal state and vision in a training camp format. From FY2025, outside directors will also participate as members, further stimulating the exchange of opinions among all directors and executive officers.

## Election and Dismissal of Directors and Executive Officers

### Policies and Procedures for the Election and Dismissal of Directors and Executive Officers

In FY2025, the Nominating Committee will review the entire process, from the qualifications and requirements of directors and executive officers at our company, to the selection of candidate pools, and the appointment and dismissal of individual directors and executive officers. The Nominating Committee, with a majority of independent outside directors, will play a substantial role in the appointment and dismissal of directors, thereby ensuring greater transparency and objectivity in the candidate determination processes.

Nominations of director candidates in FY2024 were determined by the Board of Directors after the Nominating Committee's selection, with consideration for the balance between quick decision-making and diverse viewpoints. The Board of Directors will decide on the election and dismissal of Executive Officers. Proposal or dismissal of director will be submitted to the Annual General Shareholders' Meeting by the following criteria.

- (1) In the event of conduct that violates laws and ordinances or public order and morals
- (2) In the event of omission of duties or acts in violation of company regulations
- (3) In addition to the above, any inappropriate conduct which gives significant damage to corporate value.

### Criteria for Independent Outside Directors

In appointing independent outside directors, we emphasize their abundant experience and high-level insight into their fields of expertise, in addition to the outsider requirements of the Company Law. The criteria for designation as an independent outside director are that he/she meets the qualifications for an independent director as stipulated by the Financial Instruments Exchange and that there is no risk of a conflict of interest with general shareholders.

### Business Execution Structure

To realize expeditious decision-making, the Board of Directors has established various regulations, such as the "Rules of the Board of Directors" and the "Regulations for Executive Officers," and determined the decision-making authority of the Board of Directors, the Management Meeting, the President, and the Executive General Managers, based on the degree of management importance and influence. In principle, the Management Meeting holds a meeting twice a month, which is composed of all full-time executives, including executive officers, and reports on the status of business execution and makes specific decisions on business execution within the scope of authority delegated by the Board of Directors.

In addition, management strategies are discussed at the Top Management Committee, consisting of four members, President & CEO, Senior Executive Managing Officer and Executive Managing Officer.

### Supervision and Audit of Management

By appointing 4 independent outside directors, which is a majority of the 7 directors, we strive to strengthen the monitoring and supervisory functions of the Board of Directors and working to achieve sustainable growth of the company and enhance corporate value over the mid-to long-term.

3 corporate auditors, including two independent outside corporate auditors, attend Board of Directors meetings, express audit-related opinions on management decisions, and audit the status of execution of duties by the directors.

### Transactions between Related Parties

Following the Companies Act, EXEDY has established in the Regulations of the Board of Directors that any self-dealing or conflicting interest transaction with the company's directors are subject to prior approval. In addition, even in cases where we conduct transactions with major shareholders or others, prices and other terms and conditions of transactions are determined through negotiations, considering the market conditions, as is the case with other third parties.

## Strengthening Corporate Governance Structure

### Auditors and Board of Auditors

#### Structure

The three corporate auditors (one of whom is a certified public accountant and has considerable knowledge of finance and accounting) determine audit policies and plans and other matters related to the execution of their duties at the Board of Corporate Auditors Meetings (held at least once a month) following the Board of Corporate Auditors' Regulations. Auditors and the Board of Auditors receive reports from the accounting auditor on the fiscal year's accounting audit plan and the results of the accounting audit and hold discussions as appropriate. In addition, the full-time corporate auditor and the Global Auditing Department exchange information on audit planning, progress, and results of audits as appropriate. Full-time auditor exchange information and work closely with the Global Auditing Department and accounting auditors.

#### Activities of Board of Auditors

The Board of Auditors not only conducts legality audits and preventive audits to establish a corporate governance system that meets social trust, but also raises issues and provides advice regarding new business risks that arise as the Company puts into practice the important concepts (values) for the Company or as the Company moves forward with the transformation of its business portfolio.

In addition, the full-time and outside auditors personally conduct audits, and they also hold auditor liaison meetings with the auditors of domestic affiliated companies to share the status and issues of their audits, as well as collaborate with the internal audit department, in order to ensure the effectiveness of audits across the entire Group.

In addition, starting from FY2024, they will hold auditor liaison meetings with the auditors of DYNAX, our group's largest subsidiary, once every two months to strengthen cooperation.

Main topics and number of agenda discussed at the Board of Auditors meetings in FY2024

Category	Number
Audit activity report	18
Accounting Audit	8
Internal control system audit	9
Audit Policy and Plan	3
Company Management Status	2
Individual projects	8
grand total	48

#### FY2024 Audit & Supervisory Board / Auditors Performance

Board of Auditors	16times
Attending important meetings such as the Board of Directors (Board of Directors Meeting, Management Meeting, Executive GD*, Sustainability Meeting, etc.)	137times
Visiting group companies (4 overseas, 7 domestic)	21times

\*Executive Group Discussion: A meeting for intensive discussion of management issues among executives

#### FY2024 Audit Cooperation Status

Cooperation with accounting auditors	6times
Collaboration with the Internal Audit Department (Sharing of audit results and issues for our company and the group, exchanging opinions on issues in business operations, etc.)	6times
Liaison Meeting of Auditors of Domestic Affiliated Companies	1times

#### Composition of the Board of Auditors

Candidates for Audit & Supervisory Board Members will be nominated in prior consultation with each Audit & Supervisory Board Member, taking into consideration their knowledge of finance, accounting, taxation, legal affairs, etc., as well as their knowledge of our business and corporate management, in order to ensure a well-balanced composition of the Board of Auditors as a whole.

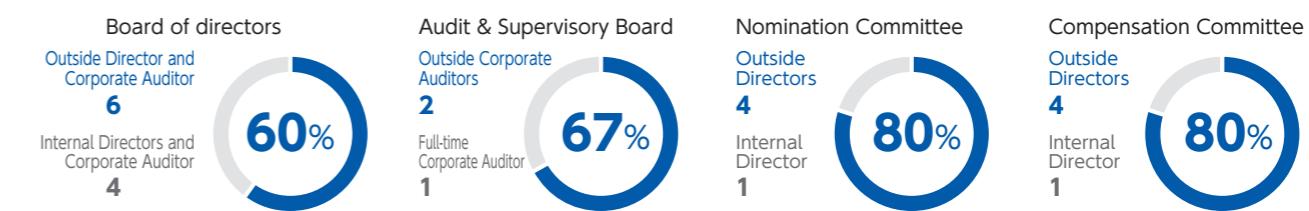
#### Internal Audit Department

The Global Auditing Department sets annual audit themes, formulates audit plans and audits the operations of each department, and conducts ad hoc audits as needed to ensure internal governance. In addition, the Global Auditing Department enhances cooperation with full-time auditors and accounting auditors by exchanging information as necessary, including periodic meetings on audit planning, progress and results of audits, and other matters as required.

### Support System for Outside Directors

When convening a Board of Directors meeting, outside directors and outside auditors are provided with the same materials as internal directors and auditors in advance to share information on business execution. Additionally, the executive officer in charge provides explanations to outside directors regarding the agenda to be discussed at the Board of Directors meetings, including their background. Furthermore, in order to collect and provide internal and external information necessary for the substantial deliberation of the Nomination Committee and the Remuneration Committee, which are chaired by outside directors, the Company has significantly increased the number of staff in the secretariats of both committees.

#### Ratio of outside directors



The Board of Directors, Audit and Supervisory Board, Nominating Committee, Compensation Committee's Attending Members

					Board of Directors	Audit and Supervisory Board	Nomination Committee	Compensation Committee
Director	President & CEO	Tetsuya Yoshinaga	male		<input checked="" type="radio"/>		<input type="radio"/>	<input type="radio"/>
	Representative Director	Hiroshi Toyohara	male		<input type="radio"/>			
	Director	Yuzuru Hirose	male		<input type="radio"/>			
	Director	Toshiki Takano	male	(Outside) (Independent)	<input type="radio"/>		<input type="radio"/>	<input type="radio"/>
	Director	Takashi Hayashi	male	(Outside) (Independent)	<input type="radio"/>		<input checked="" type="radio"/>	<input type="radio"/>
	Director	Fukuko Inoue	female	(Outside) (Independent)	<input type="radio"/>		<input type="radio"/>	<input checked="" type="radio"/>
	Director	Kimiko Ito	female	(Outside) (Independent)	<input type="radio"/>		<input type="radio"/>	<input type="radio"/>
Auditor	Full-time Corporate Auditor	Ryu Suzuki	male		<input type="radio"/>	<input checked="" type="radio"/>		
	Auditor	Tadashi Fukuda	male	(Outside) (Independent)	<input type="radio"/>	<input type="radio"/>		
	Auditor	Satoshi Tsubota	male	(Outside) (Independent)	<input type="radio"/>	<input type="radio"/>		

#### Compensation Committee Activities (FY2024)

Number of times held : 2  
Attendance rate : 100%  
Main topics of discussion  
Consideration of compensation levels (comparison with other companies/comparison with employees)  
Determination of individual compensation amount  
Compensation structure for executives

#### Nomination Committee Activities (FY2024)

Number of times held : 2  
Attendance rate : 100%  
Main topics of discussion  
Diversity and Skill Balance of the Board of Directors  
Executive structure from June 2025 onwards

# Strengthening Corporate Governance Structure

## Compensation for Board Members

### Basic Policy

The Board of Directors approved the following resolution on May 27, 2022, regarding the policy for determining the details of compensation, etc. for individual directors.

Basic Policy	The Company's basic policy is to link the compensation of directors to shareholders' profits in order to provide sufficient incentive for the sustainable enhancement of corporate value. The Company's basic policy is to set the compensation of each director at an appropriate level based on their responsibilities. In concrete terms, the compensation of executive directors shall consist of base compensation as fixed compensation, bonuses, and stock-based compensation, while outside directors, who are responsible for supervisory functions, shall be paid only base compensation in view of their duties.
	The Company's basic compensation of directors shall be a monthly fixed compensation, and bonuses shall be paid at a fixed time annually. The amount of bonuses shall be determined by a comprehensive review of position, responsibility, and years in office, while also taking into consideration standards at other companies, the Company's performance, employee salary, etc.
Policy for determining the amount of non-monetary compensation and the method for calculation, etc. (including the policy regarding the determination of the timing or conditions for granting compensation, etc.)	The Company's non-monetary compensation, etc. for directors shall be stock compensation (restricted stock). The compensation shall be determined with comprehensive consideration of the scope of responsibilities, our management plan and performance, an appropriate ratio of base compensation and bonuses, compensation level, etc. It shall be determined annually at a meeting of the Board of Directors, which is held within one month of the date of the Annual General Shareholders' Meeting.
Policy on determining the Ratio of the Amount of Monetary or Non-monetary Compensation, etc. of Individual Directors	The ratio of compensation of executive directors by type will be determined individually, so that, in principle, the weight of stock-based compensation will increase with higher executive positions, considering the compensation level of other companies in the same business size and related industries and business categories as our company.
Matters Concerning Determination of Compensation, etc., for Individual Directors	The Compensation Committee shall deliberate and determine the amount of monetary compensation for each director and report to the Board. The Board of Directors shall take into account the report and decide on the compensation. As for stock-based compensation, the number of shares to be allocated to each director shall be resolved by the Board of Directors.

### Approach to compensation structure

The compensation structure for directors (excluding outside directors) consists of "basic compensation," "bonuses," and "stock-based compensation."

Outside directors are not involved in business execution, and from the perspective of ensuring their independence, their compensation consists solely of a fixed amount, with no bonuses or stock compensation.

Stock compensation is granted as restricted stock for the purpose of promoting greater value sharing with shareholders, and to function as an incentive for sustainable improvement in medium- to long-term performance and shareholder value.

The transfer restriction period is 30 years, and if the target director, etc., retires or resigns due to expiration of term, mandatory retirement, or other justifiable reasons (including retirement or resignation due to death) during the transfer restriction period, the transfer restriction will be lifted.

We will review the level of compensation for directors, the composition mix, and the form of compensation system linked to performance, as appropriate, through discussions at the Compensation Committee.

The Compensation Committee will review the level of compensation for directors, the composition mix, and the compensation linked to performance through the discussion.

The composition of compensation will vary depending on position, performance, stock price level, etc., the compensation for executive directors in FY 2025 is expected to be generally composed as follows.:

Reward Type	Estimated reward ratio
Basic compensation (monthly compensation)	55
Bonuses (short-term incentives)	10
Stock compensation (mid- to long-term incentives)	35

### Amount of Compensation for Directors and Auditors (FY2024)

Category	Total amount of compensation, etc. (Mil. JPY)	Total amount of compensation, etc. by category (Mil. JPY)			Number of Board Members
		Basic Compensation	Bonus	Non-monetary compensation, etc.	
Director (Outside Director)	214 (38)	209 (38)	5 (–)	– (–)	12 (6)
Auditor (Outside Auditor)	35 (17)	35 (17)	– (–)	– (–)	4 (3)
<b>Total (Outside Board Member)</b>	<b>249 (55)</b>	<b>244 (55)</b>	<b>5 (–)</b>	<b>– (–)</b>	<b>16 (9)</b>

1. The amount of compensation does not include employee salaries and bonuses for directors who also serve as employees.  
 2. Limit of monetary compensation according to the resolution of the 56th Annual General Shareholders' Meeting held on June 27, 2006.  
 Director: ¥300 million per year Auditor: ¥60 million per year  
 The above maximum amount of compensation for directors does not include employee salaries and bonuses for directors who also serve as employees.  
 Resolution on share-based compensation at the 68th Annual Shareholders' Meeting held on June 26, 2018.  
 Stock-based compensation: Up to ¥200 million per year  
 Maximum number of shares: Up to 50,000 shares per year (Outside directors and non-executive directors are not eligible)  
 As of the close of the said Annual General Shareholders' Meeting, the number of directors (excluding outside directors and part-time directors) was 7.

### Malus-Clawback Provision

In accordance with the Restricted Stock Allotment Agreement, the Company may acquire the restricted stock paid as remuneration without compensation from an officer who made a serious violation of internal rules or misconduct.

### Cross-shareholdings

#### Policy on Cross-Shareholdings

In principle, the Company does not hold listed shares as "cross-shareholdings", except when it is necessary to maintain and strengthen trust and business relationships with business partners and various stakeholders from the viewpoint of improving our group's corporate value in the mid- to long-term.

#### Verification of Cross-Shareholdings

The Board of Directors evaluates each cross-shareholding, including whether the risks and benefits exceed the cost of capital. At present, the Company assesses that all of its cross-shareholdings meet the criteria, and the Company will continue to review their appropriateness.

#### Criteria for Voting Rights Concerning Cross-Shareholdings

In EXEDY, voting rights shall not be exercised on a uniform basis, but shall be exercised after careful consideration and comprehensive judgment from the viewpoint of improving the group's corporate value, especially with respect to proposals concerning the following.

- (1) Reorganization Proposal
- (2) Takeover Defense Proposal
- (3) Appointment of Directors Proposal (in the event of misconduct, in the event of being in the red for a certain period of time in a row, etc.)

#### Cross-Shareholdings Status (Year Ended March 31, 2025)

	Number of Issues Balance Sheet Amount (Mil. JPY)	Issues whose shares increased in FY2024	Issues whose shares decreased in FY2024
Unlisted stock	12 2,111	3 578	– –
Listed stock	8 1,474	2 15	– –

\*Stocks whose number of shares increased in FY2024 are mainly due to investments in start-up companies aimed at creating new businesses.

# Directors & Auditors

█ Directors █ Auditors

## 1 Tetsuya Yoshinaga (January 3, 1960)



male

▶ Career summary, position and duties at the Company (Important concurrent positions)

Jul. 1988	Joined the Company
Mar. 2009	President of EXEDY America Corporation
Jun. 2009	Executive Officer of the Company
Apr. 2016	President of EXEDY DYNAX Shanghai Co., Ltd.
Apr. 2017	Senior Executive Officer of the Company
	Director of the company
	Executive General Manager, AT
	Manufacturing Headquarters of the Company
Jun. 2019	Ueno Division General Manager of the Company
Apr. 2020	Executive Managing Officer of the Company
Apr. 2021	Senior Executive Managing Officer of the Company
	President and Representative
Jun. 2022	Director of the Company (to present)

## Reasons for candidacy:

Mr. Tetsuya Yoshinaga has long worked overseas as an expatriate and accumulated experience and achievements in China-related business operations, etc., and he was appointed Representative Director in June 2022. The Company has continued to appoint him as a candidate for a director's position because he has played a leading role in formulating the Company's Medium-to-Long-Term strategy and he is expected to contribute to enhancing corporate values with his leadership.

Number of Board Meetings attended	13 / 13 (100 %)
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## 2 Hiroshi Toyohara (August 19, 1962)



male

▶ Career summary, position and duties at the Company (Important concurrent positions)

Jan. 1995	Joined the Company
Apr. 2010	Executive Officer of the Company
Apr. 2011	Executive General Manager, Financial Planning Headquarters of the Company
Jun. 2012	Director of the Company
	Senior Executive Officer of the Company
Apr. 2013	Executive General Manager, Administrative Headquarters
Apr. 2016	Executive Managing Officer of the Company
	Senior Executive Managing Officer of the Company (to present)
Apr. 2020	Representative Director of the Company (to present)
Jun. 2022	Executive General Manager, Corporate Strategy Promotion Headquarters of the Company (to present)

## Reasons for candidacy:

Mr. Hiroshi Toyohara has abundant experience and achievements in general administrative operations, as head of the financial and planning departments, etc., and he was appointed as Representative Director and Senior Executive Managing Officer in June 2022. The Company has continued to appoint him as a candidate for a director's position because he is expected to contribute to the enhancement of corporate value as a promoter of Medium-to-Long-Term strategy.

Number of Board Meetings attended	13 / 13 (100 %)
-----------------------------------	-----------------

## 5 Takashi Hayashi (April 22, 1956)



male Outside Independent

▶ Career summary, position and duties at the Company (Important concurrent positions)

Mar. 1979	Joined Nihon Radiator Co., Ltd. (Currently Marelli)
Jun. 2008	Director and Senior Executive Managing Officer of the above company
Jun. 2011	Representative Director, President and CEO of TOKYO RADIATOR MFG Co., Ltd.
Jun. 2019	Director and Chairman of TOKYO RADIATOR MFG Co., Ltd.
Jun. 2020	Director of the Company (to present)

## Reasons for candidacy:

Mr. Takashi Hayashi has long accumulated abundant expertise as a corporate manager in automobile component business, by fulfilling his responsibilities as a director of TOKYO RADIATOR MFG Co., Ltd.

Number of Board Meetings attended	13 / 13 (100 %)
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## 6 Fukuko Inoue (October 18, 1963)



female Outside Independent

▶ Career summary, position and duties at the Company (Important concurrent positions)

Apr. 1987	Joined UCC UESHIMA COFFEE CO., LTD.
Sep. 1996	Human Resources Officer, Training Officer at Budget Personnel Bureau of Human Resources Department of
	Human Resources Development Manager at General Affairs and Human Resources Headquarters of Vodafone Japan Co., Ltd.
Jun. 2006	Human Resources Manager of Tiffany & Co.
Sep. 2011	Executive Officer of Human Resources, General Manager of Human Resources Headquarters of SAP Japan Co., Ltd.
Jan. 2013	Section Chief, Human Resources Planning Division at Human Resources Department of International Atomic Energy Agency
Jul. 2017	Senior Human Resources Officer, Management Bureau of the above institution
Apr. 2018	Professor, Doshisha Business School at Doshisha University (to present)
Jun. 2022	Director of the Company (to present)
Jun. 2023	Outside Director of ROHM Co., Ltd. (to present)

Reasons for candidacy:  
Ms. Fukuko Inoue is serving as a professor at a university after holding important positions of human resources at global companies and international organizations, and accumulated abundant expertise as an academic expert in organizational development and human resource management.

Number of Board Meetings attended	12 / 13 (92 %)
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## 3 Yuzuru Hirose (February 21, 1972)



male

▶ Career summary, position and duties at the Company (Important concurrent positions)

Apr. 2001	Joined the Company
Mar. 2011	President of EXEDY Globalparts
Apr. 2014	Executive Officer of the Company
Apr. 2018	Senior Executive Officer
	Executive General Manager, Sales Headquarters of the Company (to present)
Jun. 2019	Director of the Company
	Executive Managing Officer of the Company (to present)
Apr. 2023	Executive General Manager, Strategic Business Headquarters of the Company (to present)

Reasons for candidacy:  
Mr. Yuzuru Hirose has long worked overseas as an expatriate and accumulated experience and achievements in sales field in general and he was appointed Director and Executive Managing Officer since April 2023. The Company has continued to appoint him as a candidate for a director's position because he is expected to contribute to enhancing corporate value through striving to create and nurture new businesses from a global perspective as the General Manager of the Strategic Business Division.

Number of Board Meetings attended	13 / 13 (100 %)
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## 4 Toshiki Takano (August 31, 1954)



male Outside Independent

▶ Career summary, position and duties at the Company (Important concurrent positions)

Jan. 1984	Joined ROHM Co., Ltd.
Jun. 2010	Director of ROHM Co., Ltd.
Jun. 2015	Retired from the post of director of ROHM Co., Ltd.
Jun. 2017	Director of the Company (to present)

## Reasons for candidacy:

Mr. Toshiki Takano has long been involved in management as a director of ROHM Co., Ltd. He has extensive knowledge of corporate management and new business development.

Number of Board Meetings attended	13 / 13 (100 %)
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## 7 Kimiko Ito (January 20, 1949)



female Outside Independent

▶ Career summary, position and duties at the Company (Important concurrent positions)

Jun. 1995	Representative Director and President of Tashima Co., Ltd. (to present)
Apr. 2013	Regular executive board member, Kobe Association of Corporate Executives (to present)
Nov. 2016	Deputy chairperson, Kobe Chamber of Commerce and Industry (to present)
Sep. 2017	Deputy Chairperson, Kobe City University of Foreign Studies (to present)
Jun. 2023	Director of the Company (to present)

Reasons for candidacy:  
Ms. Kimiko Ito has been involved in management for many years and has extensive managerial knowledge as the President of Tashima Co., Ltd. She has also contributed to regional development by serving as Vice President of the Kobe Chamber of Commerce and Industry.

Number of Board Meetings attended	12 / 13 (92 %)
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## The expertise and experience of each Director is as follows.

	Name	Top Management Experience	Innovation, Knowledge in new BIZ development	Knowledge in Core Business	Supply Chain, Marketing	Finance	Human Resource Development	Sustainability ESG	Legal, Risk Management	Global
Directors	Tetsuya Yoshinaga	●	●	●				●		●
	Hiroshi Toyohara		●			●	●	●	●	
	Yuzuru Hirose		●	●	●					●
	Toshiki Takano	Outside Independent	●		●	●				●
	Takashi Hayashi	Outside Independent	●		●		●		●	●
	Fukuko Inoue	Outside Independent					●	●		●
	Kimiko Ito	Outside Independent	●	●			●			●
Auditors	Ryu Suzuki			●						●
	Tadashi Fukuda	Outside Independent						●		
	Satoshi Tsubota	Outside Independent				●				

## 2 Tadashi Fukuda (March 4, 1953)



male Outside Independent

▶ Career summary, position and duties at the Company (Important concurrent positions)

Apr. 1986	Registered as an attorney-at-law and joined Daichi Law Office (now Daichi Legal Professional Corporation)
Jun. 2000	Outside Auditor of SHINYEI KAISHA
Jun. 2015	Outside Director of the above company
Mar. 2016	Auditor of the Company (to present)
Jun. 2016	Representative Partner of Daichi Legal Professional Corporation (to present)
Mar. 2020	Outside Auditor of Mitsubishi Tanabe Pharma Corporation
	Outside Director of ES-CON JAPAN Ltd. (to present)

Reasons for candidacy:  
Mr. Tadashi Fukuda has extensive expertise in the legal profession.

Number of Board Meetings attended	13 / 13 (100
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# Risk Management

## Our Approach

Our group recognizes that risk management is one of the most important management tasks and is working to enhance and strengthen it. With changes in the business environment surrounding the company, the risks faced by our group are expected to become increasingly diversified in the future. In order to respond to these circumstances, our group's action guideline for risk management is to prepare for emergencies by taking preventive measures and preparing in advance to minimize damage and to assess and identify risks to ensure their implementation. We identify major risk items related to safety and health, environmental preservation activities, and business continuity management activities, based on the frequency of occurrence, degree of impact, and surrounding conditions. We are working to strengthen our management system by clarifying the department responsible for each risk, the degree of impact of each risk, the causes of its occurrence, and proactive preventive measures.

## Risk Management Committee

The Risk Management Committee, consisting of the President & CEO, (Senior) Executive Managing Officers, and Audit and Supervisory Board Members, convene as necessary to address group-wide issues and to discuss recurrence prevention measures.

### Organization of the Risk Management Committee

Board of Directors		
Risk Management Committee		
Director in Charge	Chairperson	Secretariat

### The Risk Management Committee Schedule

In FY2024, the Risk Management Committee gathered 3 times to respond to group-wide problems and discuss recurrence prevention measures. In addition, information on risk issues is shared among group companies to ensure appropriate business execution.

## Examples of Dealing with Risks

### 1) Business Continuity Plan (BCP) and Climate-related Risks

In the Great East Japan Earthquake of March 2011, the Kawagoe Plant suffered no severe damage but a tremor with a seismic intensity of lower 5 required a temporary evacuation of all employees. Fortunately, no damage was caused to the plant, and we took the necessary actions in response to the situation, such as shifting to nighttime production in response to production stoppages by automobile manufacturers and planned power outages. Having keenly realized the importance of prompt and efficient business recovery, we have since established a BCP crisis management program as part of our Mid-Term Management Plan and built an organization capable of responding to contingencies. In addition to earthquakes, the EXEDY Group also recognizes climate change as an important environmental issue, including the increasing severity and frequency of extreme weather events. Concerning climate-related risks, the Sustainability Committee, a meeting body that formulates the Company's sustainability action plan and manages the progress and other matters, plays a central role in analyzing scenarios, evaluating and identifying risks, and managing the progress of response measures. The status of our responses to major risks is as follows. The risk of sales decline due to the suspension of sales of internal combustion engine vehicles, etc. is discussed at the Management Committee and Board of Directors meetings, leading to the formulation of a long-term vision and the strengthening of the product development system. Regarding the risk of increased direct costs from the introduction of renewable energy due to stricter government regulations, the Sustainability Working Group is researching and studying measures to address this issue, including gathering information on renewable energy options. Concerning the risk of supply chain disruptions due to floods, etc., the Risk Management Committee and other committees discussed and promoted business continuity plans that include suppliers. The risk scenarios were partially revised in FY2024, taking into account changes in the business environment, etc.

### 2) Initiatives Regarding Information Security

#### Our Basic Approach

In order to properly protect confidential information and personal information from threats such as cyberattacks, we have developed and deployed policies and regulations concerning information security. By periodically educating employees, we strive to strengthen our information security and prevent information leakage.

#### Initiatives for Information Management

With the support of external experts with a deep knowledge of cyber security and internal fraud, we established a system to respond to information security incidents and warnings. While sharing information with external organizations, we, including its affiliates, work to make improvements to this environment. Additionally, in FY2024, six targeted email training sessions modeled on actual cases were conducted to thoroughly prevent malware infections caused by phishing and ensure appropriate responses in the event of an infection. In addition, we strive to raise awareness of information security by providing security training to new employees and holding information security courses every year for group companies.

### 3) Initiatives Regarding Compliance Risk

Through our business activities in different regions around the world, we have learned that prompt and reliable compliance with the laws and regulations of each country and transparent management are essential for earning the trust of our stakeholders.

Furthermore, it is essential to respect human rights, to consider the health and working environment of employees, to treat employees fairly and appropriately, and to conduct fair and appropriate business transactions with suppliers to ensure better compliance.

And to prevent compliance violations, it's necessary to raise each employee's awareness of ethics and norms. To this end, we conduct compliance awareness surveys and provide appropriate education and awareness-raising activities to our employees.

## Early Detection and Correction of Problems through the Internal Reporting System

We have established an internal reporting system to identify and correct compliance violations. In the event of a serious compliance violation, we will report it to the Board of Directors and consider countermeasures. The reporting desk also collects information internally and externally and promptly responds to problems as they arise.

### Internal Consultation/Reporting Reception System

In addition to an internal reporting desk, the Company has established a consultation service for the entire Group concerning ethics in business conduct. In addition, the "EXEDY Hotline" has been established to allow employees to consult and report directly to outside attorneys for the prevention and early detection of misconduct and other illegal activities. To ensure that all employees are fully aware of the above, the EXEDY Code of Conduct, which is distributed to all Group employees, clearly specifies the contact point for consultation and raises awareness of compliance issues.

#### 【Internal Consultation Desk】

Handles any matters regarding the Code of Conduct, ethical issues, working environment, etc. Phone numbers and email addresses can be found in the Code of Conduct.

#### 【Internal Reporting Desk】

Handles violations of laws and company regulations. Phone and fax number and email address can be found in the Code of Conduct.

#### 【External Consultation and Whistleblowing Contact "EXEDY Hotline"】

An external lawyer's office can be contacted by telephone, email, or letter. Phone number, address, and email address can be found in the Code of Conduct.

# Compliance

## Our Approach

Through our corporate activities in each region, we have come to realize that swift and reliable compliance with the laws and regulations of each country and transparent management are essential to gaining the trust of all relevant stakeholders.

With "fairness and transparency" as our key concepts, we will thoroughly implement compliance management, which is the foundation of our management, and establish a corporate governance system. Through this, we will work to create an organization that can quickly respond to changes in the business environment and to improve our internal checks and balances, and we will establish a culture in which corporate activities are carried out with an understanding of the laws and regulations that apply to our work.

## Promotion System

In order to strengthen our compliance efforts, we have decided to give oversight responsibility for these efforts to the Risk Management Committee starting from FY2024.

The committee is headed by the Representative Director and President as the final person responsible for risk management, and the Representative Director Senior Executive Managing Officer, Executive General Manager of Corporate Strategy Promotion Headquarters, as the overall person responsible for risk management.

The ESG · IR Promotion Department will act as the secretariat for the practical implementation of the initiative in collaboration with related departments.



## Initiatives

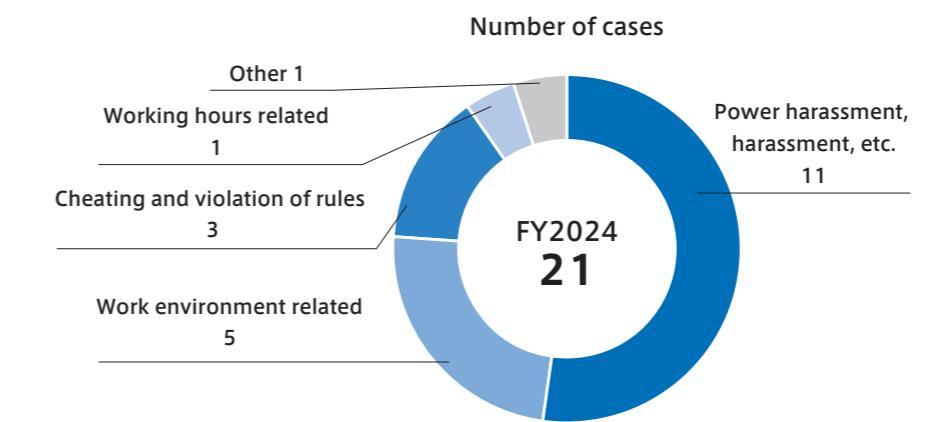
### 1) Read-through of the Code of Conduct

We distribute codes of conduct in each local language to all employees of our group companies and read them aloud at daily morning meetings in each department and team to ensure that everyone is fully aware of their contents. Please see below for more details.

[Sustainability | EXEDY Corporation](#)

### 2) Utilizing the internal reporting and consultation system

In addition to an internal reporting system, we have set up a compliance hotline for the entire Group. Furthermore, we have set up the "EXEDY Hotline," which allows employees to directly consult with an outside lawyer and report any issues, in an effort to prevent and detect misconduct at an early stage. To ensure that everyone is aware of these issues, the EXEDY Code of Conduct, which is distributed to all employees of the group, clearly states where to find a consultation desk and aims to raise awareness of compliance. In addition, this hotline protects privacy and ensures that those who make inquiries are not harmed, and responds promptly if a compliance violation occurs. If any serious compliance violations occur, they are reported to the Board of Directors and measures to be taken are considered.



### 3) Compliance awareness survey

In July 2024, we conducted our first compliance awareness survey of all employees. The survey covers the level of compliance activities, the presence or absence of various potential risks, and awareness of internal reporting and consultation hotlines. Based on the results of this investigation and the analysis of the above-mentioned internal reports and consultations, the Risk Management Committee met in December 2024 to discuss the issue and identified the key risk areas for our company as power harassment, quality risks, and working hour management, and decided to implement compliance training on these areas as a countermeasure. We will also work to further raise awareness of and promote the use of the internal reporting and consultation hotline (including emphasizing that those who seek advice or report issues will be protected). We will continue this survey in FY2025 and work on activities to prevent compliance violations by monitoring the identified key risk items.

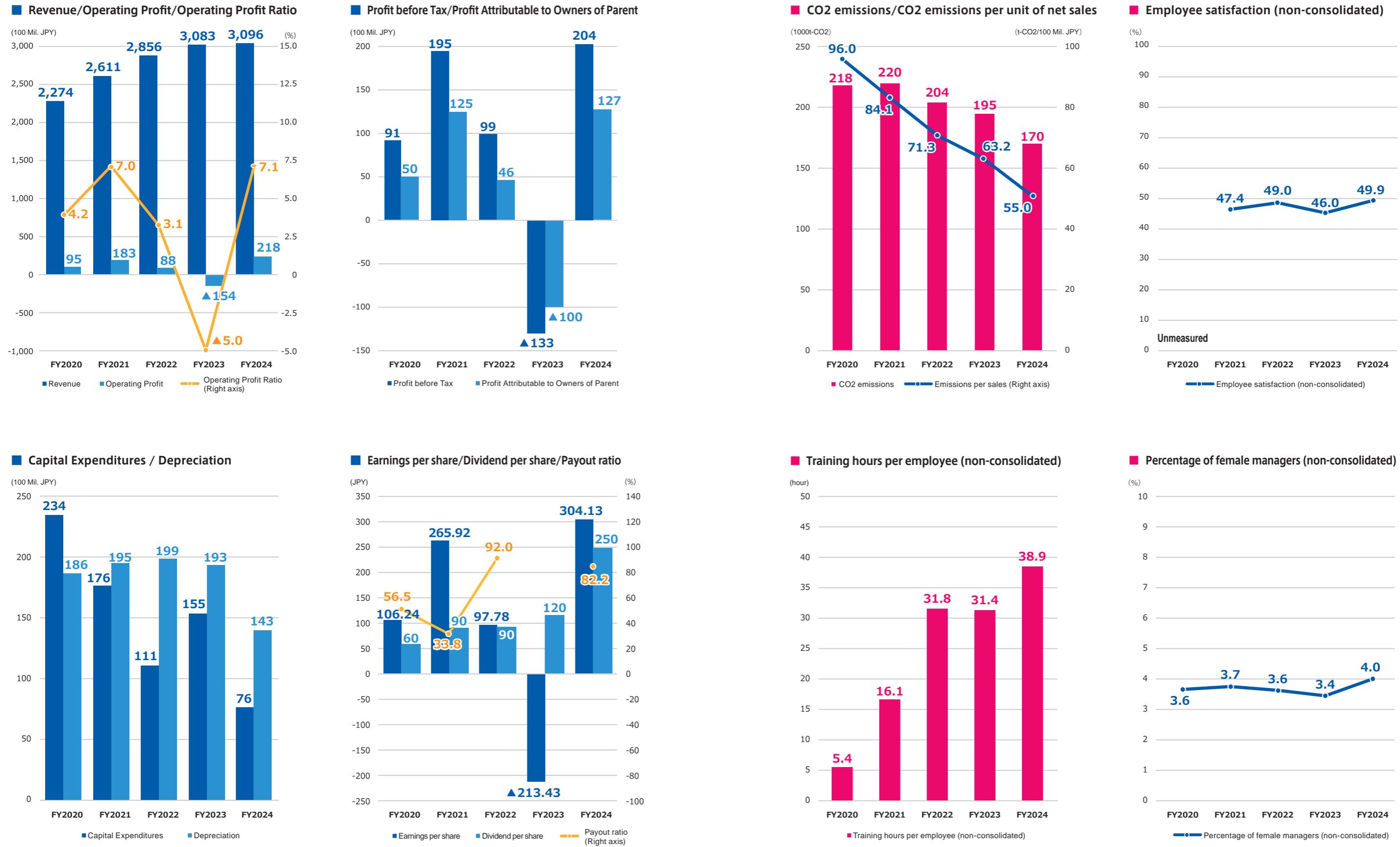
### 4) Compliance training for each employee level

Considering the occurrence of fraudulent cases such as certification fraud in the automotive industry and sexual assault and harassment cases in other industries, we conducted the following compliance training by rank from October 2024 to January 2025.

(For all employees) 2,517 participants (harassment, personal information protection law, insider trading, antisocial forces)

(For managers and supervisors) 189 participants (Antitrust Law, Subcontract Law, Bribery, Export Control Regulations)

## Financial and Non-Financial Highlights



## Financial and Non-Financial Summary

Financial Summary		FY2020 (Fiscal year ended March 31, 2021)	FY2021 (Fiscal year ended March 31, 2022)	FY2022 (Fiscal year ended March 31, 2023)	FY2023 (Fiscal year ended March 31, 2024)	FY2024 (Fiscal year ended March 31, 2025)	(Unit)
Revenue	(Consolidated)	227,420	261,095	285,639	308,338	309,564	Mil. JPY
Overseas Sales Revenue Ratio	(Consolidated)	53.1	54.5	57.1	59.3	60.1	%
Operating Profit	(Consolidated)	9,513	18,328	8,760	▲ 15,438	21,845	Mil. JPY
Profit Before Taxes	(Consolidated)	9,066	19,467	9,916	▲ 13,274	20,405	Mil. JPY
Profit attributable to owners of parent	(Consolidated)	4,983	12,477	4,591	▲ 10,023	12,744	Mil. JPY
Comprehensive income attributable to owners of parent	(Consolidated)	10,481	21,074	8,222	▲ 2,113	12,381	Mil. JPY
Equity attributable to owners of parent	(Consolidated)	203,927	221,756	225,563	218,548	180,478	Mil. JPY
Total Assets	(Consolidated)	312,741	332,785	331,875	321,935	303,912	Mil. JPY
Total Equity	(Consolidated)	216,730	236,023	239,901	233,539	194,268	Mil. JPY
Capital Investment	(Consolidated)	23,365	17,578	11,146	15,487	7,634	Mil. JPY
Amortization Expenses	(Consolidated)	18,563	19,463	19,923	19,269	14,345	Mil. JPY
R&D Expenditure	(Consolidated)	5,292	5,787	6,593	6,465	7,483	Mil. JPY
R&D to Revenue	(Consolidated)	2.3	2.2	2.3	2.1	2.4	%
EPS (Basic Earnings per Share)	(Consolidated)	106.24	265.92	97.78	▲ 213.43	304.13	JPY
BPS (Net Assets per Share)	(Consolidated)	4,347.73	4,725.44	4,803.89	4,653.32	4,927.00	JPY
Dividend	(Consolidated)	60	90	90	120	250	JPY
Dividend Payout Ratio	(Consolidated)	56.5	33.8	92.0	-	82.2	%
Ratio of equity attributable to owners of the parent	(Consolidated)	65.2	66.6	68.0	67.9	59.4	%
Return on equity attributable to owners of parent	(Consolidated)	2.5	5.9	2.1	▲ 4.5	6.4	%
Price-earnings ratio	(Consolidated)	15.75	5.92	18.54	-	14.43	times
Cash flows from operating activities	(Consolidated)	30,105	28,434	27,224	37,609	31,495	Mil. JPY
Cash flows from investing activities	(Consolidated)	▲ 16,765	▲ 15,494	▲ 12,794	▲ 13,407	▲ 8,724	Mil. JPY
Cash flows from financing activities	(Consolidated)	▲ 8,450	▲ 10,540	▲ 11,179	▲ 11,406	▲ 28,720	Mil. JPY
Free cash flows	(Consolidated)	13,340	12,940	14,430	24,202	22,771	Mil. JPY
Cash and cash equivalents at end of period	(Consolidated)	51,567	55,407	59,538	74,043	68,160	Mil. JPY
Operating Profit Ratio	(Consolidated)	4.2	7.0	3.1	▲ 5.0	7.1	%
ROE (Return on equity attributable to owners of parent)	(Consolidated)	2.5	5.9	2.1	▲ 4.5	6.4	%
Exchange Rate		106.17	112.86	134.95	144.40	152.50	US dollar

Non-Financial Summary		FY2020 (Fiscal year ended March 31, 2021)	FY2021 (Fiscal year ended March 31, 2022)	FY2022 (Fiscal year ended March 31, 2023)	FY2023 (Fiscal year ended March 31, 2024)	FY2024 (Fiscal year ended March 31, 2025)	(Unit)
Number of Employees	(Consolidated)	16,253	15,740	15,081	14,654	14,197	people
Male employees		12,488	12,058	11,581	11,228	10,976	people
Female employees		3,765	3,682	3,500	3,426	3,221	people
Female employees ratio		23.2	23.4	23.2	23.4	22.7	%
Number of Employees	(Non- Consolidated)	3,657	3,533	3,358	3,233	3,131	people
Male employees		3,169	3,071	2,902	2,789	2,694	people
Female employees		488	462	456	444	437	people
Female employees ratio		13.3	13.1	13.6	13.7	14.0	%
Number of Managers	(Non- Consolidated)	137	135	138	145	149	people
Male managers		132	130	133	140	143	people
Female managers		5	5	5	5	6	people
Female managers ratio		3.6	3.7	3.6	3.4	4.0	%
Employee Satisfaction	(Non- Consolidated)	-	47.4	49.0	46.0	49.9	%
Training hours per employee	(Non- Consolidated)	5.4	16.1	31.8	31.4	38.9	h/year
Total Working Hours	(Non- Consolidated)	1,688	1,898	1,888	1,915	1,940	hour
Paid Leave Utilization Rate	(Non- Consolidated)	72.9	76.3	101.2	96.8	93.8	%
Voluntary turnover rate of full-time employees	(Non- Consolidated)	3.5	4.2	4.0	4.6	3.7	%
Number of Accidents resulting in work leave	(Consolidated)	16	10	20	16	19	case
Accidents resulting in work leave frequency rate		0.35	0.71	1.22	1.22	1.44	%
Total CO2 Emissions	(Consolidated)	218,405	219,658	203,625	194,768	170,163	t-CO2
Emissions per sales index		96.0	84.1	71.3	63.2	55.0	t-CO2/100 Mil. JPY
Waste emissions	(Consolidated)	16,509	18,619	15,825	15,189	14,995	t
Emissions per sales index		7.26	7.13	5.54	4.93	4.84	t/100 Mil. JPY

## Environmental Reports (EXEDY)

### Environment Accounting

Cost of Environmental Conservation for the 2024 Fiscal Year (Mil. JPY)					
Item	Investment	Cost	Details		
Anti-pollution Measures	0	56	Wastewater treatment facilities, installation of environmental equipment		
Preservation of the Global Environment	70	27	Solar panels, LED lighting, air conditioning upgrade		
Recycling Natural Resources	0	51	Waste Disposal, Recycling Processing		
Management Activities	0	20	Environmental month events, ISO periodic audits		
Research Activities	0	4,044	Fuel efficient products, development of recycled materials, and weight reduction		
Social Activities	0	7	Greening of business offices, environmental education		
Total	70	4,205			
<b>Total</b>	<b>4,275</b>				
<b>Environmental Conservation Cost (Mil. JPY)</b>					
	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>	<b>FY2024</b>
Investment	258	53	78	30	70
Cost	2,938	3,141	3,550	3,517	4,205
Total	3,196	3,194	3,628	3,547	4,275

### Material Balance

Amount used and purchased						
Item	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Electricity	thousand kWh	115,363	122,494	108,775	99,910	97,168
Kerosene	KL	112	140	114	44	14
Gasoline	KL	25	36	52	68	78
Diesel	KL	75	127	63	67	116
City gas	thousand m <sup>3</sup>	23	22	21	16	16
LPG	t	435	461	392	326	336
<b>Amount Recycled</b> Unit: tons						
Scrap (Recycling)		FY2020	FY2021	FY2022	FY2023	FY2024
Within EXEDY		9,900	12,204	9,113	6,505	6,210

### Amount of Chemical Substances Discharged and Transferred

PRTR Subject Chemical Substance (FY2024)				Unit: kg
Location	No.	Class I Designated Chemical Substance	Amount Discharged	Transferred
		Name	Atmospheric Emissions	Consumed
	80	Xylene	940	0.0
Headquarters	300	Toluene (Methylbenzene)	470	0.0
	384	1-Bromopropane	2,200	0.0
	626	Diethanolamine	0	0.0
Ueno Division	20	Ethanolamine	0.0	1,300
	384	1-Bromopropane	19,000	0.0

\*Kameyama Division, Kawagoe Plant, Hiroshima Plant: Not applicable

### Legal compliance status and monitoring measurement results

Item / Division	Headquarters	Ueno Division	Kameyama Division	Kawagoe Plant	Hiroshima Plant
Air	OK	OK	OK	-	-
Water	NG	OK	NG	-	-
Noise	OK	OK	OK	OK	OK
Vibration	OK	-	OK	-	OK
Manifest Delivery Status	OK	OK	OK	OK	OK
Waste Disposal site	OK	OK	OK	OK	OK
Waste residue analysis	No measurements in FY2024	-	-	-	-
Groundwater pumping volume	Reported	-	-	-	-
Freon	OK: Simple/Periodical measurement leakage less than 1t				
Chemical substance usage/transfer (PRTR)	Reported	Reported	-	-	-

\*- means that these locations are not obliged to report or measure their operations

Economic and material benefits associated with environmental conservation (Mil. JPY)					
Economic Benefits	FY2020	FY2021	FY2022	FY2023	FY2024
Cost of Waste Disposal	43	50	38	41	42
Sale of valuables	548	1,180	1,001	1,034	884
Unit: tons of CO2					
Quantity Effect	FY2020	FY2021	FY2022	FY2023	FY2024
*CO2 Emissions	48,593	47,935	42,143	46,665	35,334
Volume of valuables sold	29,494	28,916	26,064	28,843	27,868
Amount of Industrial Waste Discharged	2,081	2,351	2,165	1,785	1,932
Reduction and Recycling	123	256	136	133	119
Final disposal (landfill)					

\*CO2 conversion factor: Adjusted CO2 conversion coefficients (residuals) by electric/gas utility are used. (Greenhouse Gas Calculation, Reporting, and Publication System, Ministry of the Environment <https://policies.env.go.jp/earth/ghg-santeikohyo/calc.html>)

## Environmental Reports (Global\*)

\* The scope of each data is as follows  
EXEDY and 38 domestic/overseas affiliates

### GHG data

Market-based					
CO2 Emissions (by Scope)	FY2022	FY2023	FY2024	Location-based	
the Entire Group (Scope1)	33,032.32	31,220.86	28,681.61	FY2022	FY2023
the Entire Group (Scope2)	170,165.84	163,546.73	140,783.54	33,032.32	31,220.86
the Entire Group (Scope1+2)	203,198.17	194,767.60	169,465.15	187,791.79	183,224.07
CO2 Emissions (by Country)	FY2022	FY2023	FY2024	220,824.12	214,444.93
Australia	194.15	180.10	137.70	194.15	180.10
Cambodia	86.32	70.00	53.53	86.32	70.00
China	42,688.49	43,451.87	39,274.14	42,688.49	43,451.87
Hungary	2,935.00	1,155.69	1,066.97	2,676.76	2,440.67
India	10,726.86	10,625.86	11,677.11	19,660.18	19,324.93
Indonesia	4,439.72	2,560.15	2,003.06	4,439.72	4,255.69
Japan	85,883.24	88,978.97	73,015.63	97,674.95	90,991.81
Malaysia	1,458.90	1,094.80	989.14	1,458.90	1,094.80
Mexico	3,223.51	4,564.52	5,072.89	2,958.89	4,161.48
New Zealand	50.57	41.83	24.96	50.57	41.83
Panama	20.05	18.64	14.54	20.05	18.64
Singapore	26.09	26.46	23.08	26.09	26.46
South Africa	7.55	7.82	12.84	7.55	7.82
Thailand	19,517.05	18,344.59	14,764.58	22,292.60	22,815.14
United Arab Emirates	47.13	48.02	41.60	47.13	48.02
United Kingdom	73.39	68.02	94.07	73.39	68.02
United States of America	29,521.95	21,807.49	19,753.66	24,170.18	23,724.90
Vietnam	2,298.20	1,722.78	1,445.64	2,298.20	1,722.78
Total	203,198.17	194,767.60	169,465.15	220,824.12	214,444.93
Other GHG Emissions (CH4, N2O, CFCs)	FY2022	FY2023	FY2024	FY2022	FY2023
the Entire Group (Scope1)	426.58	695.39	741.96	426.58	695.39

### CO2 Conversion Factor

#### CO2 conversion factor of electricity (Market-based)

Country	FY2022	Country	FY2023	Country	FY2024




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## Company / Stock information

### Electric Power Data

Country	FY2022	FY2023	FY2024
Australia	197.76	177.31	164.62
Cambodia	172.92	140.27	158.67
China	64,561.21	66,099.89	63,181.14
Hungary	5,842.55	5,846.12	6,255.35
India	25,372.28	24,870.98	26,343.33
Indonesia	5,673.08	5,430.56	4,852.54
Japan	172,978.90	162,193.71	156,678.83
Malaysia	2,168.10	1,616.76	1,508.37
Mexico	7,271.86	10,233.59	11,240.94
Amount of solar power generated	FY2022	FY2023	FY2024
Self-consumption	1,459.28	1,861.80	4,377.37

Country	FY2022	FY2023	FY2024
New Zealand	59.30	53.16	57.25
Panama	60.81	56.52	53.32
Singapore	46.38	51.21	48.62
South Africa	8.17	8.47	13.01
Thailand	41,928.66	43,160.43	35,076.26
United Arab Emirates	50.66	55.70	46.66
United Kingdom	73.13	70.78	105.54
United States of America	45,218.43	43,396.16	31,907.93
Vietnam	3,563.00	2,644.00	2,728.00
Total	375,247.19	366,105.61	340,420.37

### Total Energy Consumption

Fuel Consumption	Unit	FY2022	FY2023	FY2024
Petroleum	KL	252.04	286.03	294.38
Kerosene	KL	250.60	167.12	141.40
Diesel	KL	439.98	448.82	452.71
Bunker A	KL	0.00	0.00	0.00
Total Energy Consumption	FY2022	FY2023	FY2024	Unit: TJ
Petroleum		8.26	9.55	9.83
Kerosene		8.84	6.10	5.16
Diesel		15.80	17.06	17.20
Bunker A		0.00	0.00	0.00
LPG		102.29	92.95	75.52
City gas		238.84	209.55	173.57
Natural gas/LNG		193.04	248.74	256.21
biomass		-	11.41	50.25
Total		567.07	595.35	587.75

Fuel Consumption	Unit	FY2022	FY2023	FY2024
LPG	t	2,013.56	1,855.29	1,507.33
City gas	1,000m <sup>3</sup>	5,331.23	5,238.66	4,339.23
Natural gas	1,000m <sup>3</sup>	5,745.21	6,477.55	6,672.16
Biomass	t	-	864.48	3,807.16
Total Energy Consumption	FY2022	FY2023	FY2024	Unit: TJ
Electricity		1,350.89	1,324.68	1,241.77

### Water

Type	FY2022	FY2023	FY2024
Total water withdrawals	2,400	2,283	2,254
Water withdrawal (water-stressed area)	526	442	408
Breakdown: Water source: rivers, lakes and marshes	0	0	0
Breakdown: Water source: Groundwater	178	155	144
Breakdown: Water source: City water	2,222	2,127	2,111
Amount Consumed	87	84	71
Amount Recycled	376	287	256
Total Discharged Water Volume	2,312	2,199	2,192
Breakdown: Discharges to: rivers, lakes and marshes	1,421	1,414	1,457
Breakdown: Discharges to: soil	114	58	58
Breakdown: Discharges to: sewage	774	725	676
Water Quality	FY2022	FY2023	FY2024
Emission standards exceeded	0	2	2
Accidents and serious leaks	0	0	1

Emissions per treatment level	FY2022	FY2023	FY2024
Breakdown: Tertiary treatment	1,732	1,716	1,727
Breakdown: Primary treatment	249	273	254
Breakdown: No treatment	67	11	2
Total	264	198	208

Definition of water-stressed areas: water stress at the time of Aqueduct's reporting  
 "Baseline water stress" is confirmed to be medium or higher in July of the following year of actual.

Primary treatment : Physical removal of suspended solids by sedimentation, etc.  
 Secondary treatment : Primary treatment + decomposition of organic matter by biological treatment, etc.  
 Tertiary treatment : secondary treatment + many processes such as suspension, colloidal, dissolved components, etc.

### Waste

Type	FY2022	FY2023	FY2024
Total waste	15.8	15.2	15.0

Type	FY2022	FY2023	FY2024
Breakdown: Recycled amount	10.6	10.2	10.1
Breakdown: Final disposal	5.1	5.0	5.0

### Environmental Management System Certification Status (as of July 23, 2025)

by Sector	ISO14001 Certified	Number of Companies
Manufacturing	21	23
Sales	0	15
Other	3	7
Total	24	45

By Region	ISO14001 Certified	Number of Companies
Japan	11	12
North and Central America	3	8
Europe	1	2
China	3	5
Total	24	45

Manufacturing site ISO14001 certification acquisition rate: 91%

\*Target locations: Consolidated subsidiaries

### Company Outline

Company Name EXEDY Corporation

Established July 1950

Capital ¥8,284 million

President & CEO Tetsuya Yoshinaga

Headquarters 1-1-1 Kidamotomiya, Neyagawa-shi, Osaka, 572-8570

Number of employees Consolidated: 14,197  
Non-consolidated: 3,131  
(as of March 31, 2025)

Number of group companies Japan 17 (EXEDY Corporation included), overseas 35

Fiscal year April 1 to March 31 of the following year

Annual General Shareholders Meeting June

Share unit value 100 shares

Number of issued shares 48,593,736 shares  
(as of March 31, 2025)

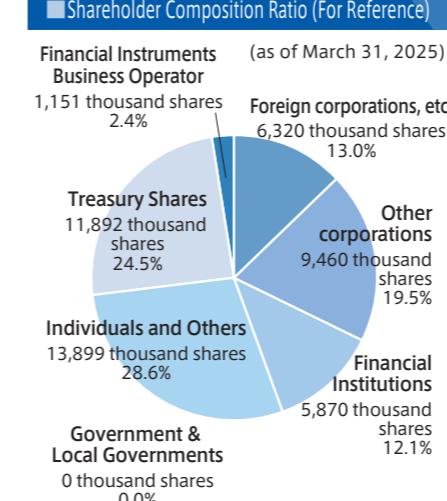
Number of shareholders 62,532  
(as of March 31, 2025)

Securities code 7278

Listed on Tokyo Stock Exchange

### Shareholder Composition Ratio (For Reference)

(as of March 31, 2025)





**EXEDY Corporation**

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