



May 9, 2025

To whom it may concern

Company name	EXEDY Corporation
Representative	Tetsuya Yoshinaga, Representative Director, President
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Financial Results Meeting for Institutional Investors and Analysts Held

EXEDY Corporation (the “Company”) provides notice that it held a financial results meeting for the fiscal year ended March 2025 where Representative Director, President Tetsuya Yoshinaga provided a presentation as follows.

<Friday, April 25, 2025, from 10:00 a.m. to 11:00 a.m. (Japan time)>

1. Reminder of Medium-to-Long-Term Strategy & Medium-Term Management Plan
2. Financial results for the Fiscal Year 2024 (2024/4 – 2025/3)
3. Forecast for the Fiscal Year 2025 (2025/4 – 2026/3)
4. Progress on the Medium-Term Management Plan "REVOLUTION 2026"
 - 1) Financial Strategy
 - 2) Business Strategy
 - 3) ESG Strategy
 - 4) IR Strategy

Please refer to the attached document for materials for the financial results meeting. Additionally, videos of the briefing and transcripts of the Q&A sessions are available on the Company's website.
URL: <https://www.exedy.com/en/stockholder/briefing.html>

Note : This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.



**For the Fiscal Year Ended 31 March 2025
(2024/4 – 2025/3)**

Financial Results

25 April 2025

EXEDY Corporation

Amounts are rounded to the nearest billion yen.
Figures are presented based on IFRS.
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- 1. Reminder of Medium-to-Long-Term Strategy
& Medium-Term Management Plan**
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➤ Financial results for the Fiscal Year 2024 (2024/4 – 2025/3)

- ✓ Despite a decline in orders for the AT business, due to reduced amortization burden following previous fiscal year's impairment, impact of the weak yen, and passing on of cost increases to sales prices, we achieved levels exceeding the Targets for the final fiscal year of Medium-term Plan (Revenue of JPY 290 billion, Operating profit of 19 JPY billion, ROE 6%).

➤ Forecast for the Fiscal Year 2025 (2025/4 – 2026/3)

- ✓ Though reduced orders in the AT business, increased costs related to human capital, and foreign exchange effects have negative influences, we promote the optimization of production system (e.g., liquidation of the deficit U.S. subsidiary) & passing on price increases to customers. Thus, we expect revenue of JPY 285 billion, an operating profit of JPY 19 billion, and ROE 6.6%, reaching the Target for the final fiscal year of Med-term Plan. Note that this forecast does not incorporate the impact of U.S. tariff policies.

➤ Progress of the Medium-Term Plan "Transformation / REVOLUTION2026".

- ✓ **Financial Strategy:** Achieved an optimal capital structure by capital allocation based on dialogues with seven major shareholders. Plans to continue active growth investments & shareholder returns (dividend of JPY 250 or more per year, DOE target of 5%).
- ✓ **Business Strategy:** Implemented the organizational reform in April 2025. The new system will urgently enhance the profitability of current businesses, as well as create & nurture new businesses.
- ✓ **ESG Strategy:** To increase human capital & boost the acceleration of medium-term plan promotion, the granting of shares to employees' stock ownership association was executed. The membership rate in this stock ownership association have grown (from 45.9% to 92.4%)
- ✓ **IR Strategy:** The IR structure was developed, and the number of dialogues with shareholders & investors doubled. Based on the opinions received from shareholders during these dialogues, reforms in the capital structure & stock grant to employees were realized.



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1. Medium- to Long-Term Goals / Mid-Term Management Plan until FY2026 Reminder

Drive our future.

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

EXEDY Group Business Overview

- ✓ A comprehensive manufacturer that carries out the entire process from development to production of powertrain components for automobiles, motorcycles, construction machinery, industrial vehicles, and agricultural machinery.
- ✓ We have 48 bases in 25 countries worldwide, with a world-class share in automotive parts (MT & AT) (according to our company estimate).
- ✓ As a new business, we are focusing on the development of next-generation products & electrification-compatible products with consideration for the global environment.

Two-wheels



Wet Multi-Plate Clutch



Wet Centrifugal Clutch

Utilizing technology developed in automotive clutches, produce motorcycle clutches in Southeast Asia & India

Automotive Components



MT: World Share of Clutches for OEMs 22.1%



Clutch Cover
Clutch Disc

Holds production & sales bases in 25 countries worldwide. Maintains a wide range of OEM customers & aftermarket customers. OEM customers total 59 companies (including 19 Japanese companies), making it a top-class global share. The aftermarket customers amount to 5,500 companies, achieving high profitability in this business.

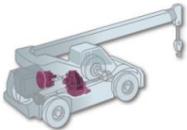
AT: World Share of Torque Converters for OEMs 23.7%



Torque Converter

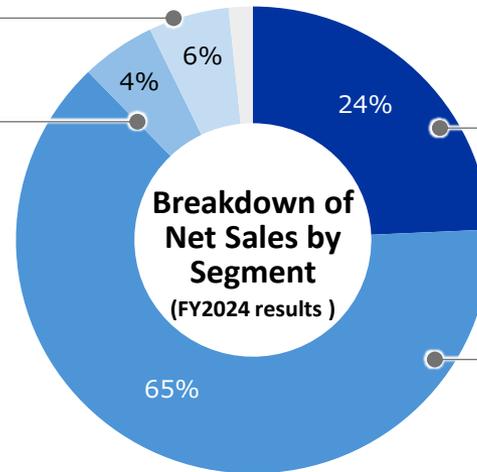
With a strong expertise in analysis & control technologies related to fluids, and manufacturing & sales bases deployed globally, our products are adopted by all domestic automobile manufacturers & major overseas automobile manufacturers. We hold a top-class world share in torque converters.

TS



Power shift transmission

Production of components such as construction machinery, industrial vehicles, and agricultural machinery in a near custom-made style with low quantity & high variety



■ MT ■ AT ■ TS ■ two wheels ■ Other

Next generation Products & Electrification Compatible Products

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



Two-wheel/Three-wheel BEV drive unit



Drone



Wide-range drive system for BEV



Electric assist pallet truck



Smart robot

1. Medium- to Long-Term Goals / Mid-Term Management Plan until FY2026 Reminder

Business environment awareness & Business Strategy for FY 2030

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- ✓ In the automotive industry facing a significant transformation period, the reduction of ICE (Internal Combustion Engine) makes the downsizing of the AT (Automatic Transmission) business inevitable.
- ✓ Transform the business portfolio to improve earnings capacity of current businesses while focusing management resources on the creation of new businesses.

Business Portfolio Transformation

- Strengthen the earning power of our existing businesses while focusing human resources & capital on the creation of new businesses

Securing & improving profitability of existing Biz

- MT : Develop the aftermarket in emerging countries & further improve profitability by improving product lines, etc.
- AT&TS : Pursue efficient management, including optimization of the production system
- 2-Wheel: Capture demand expansion in emerging markets, including India

Creation & Development of New Businesses

- Accelerate the Electrification Strategy by acquiring lacking resources through collaboration, etc.
- Prioritize management resources for Projects & achieve early realization
- Create more new businesses

Business Strategy KPIs (FY 2030 Targets)

ROE
8%

Operating Profit
JPY 30 billion
<Operating Profit Margin 9%>

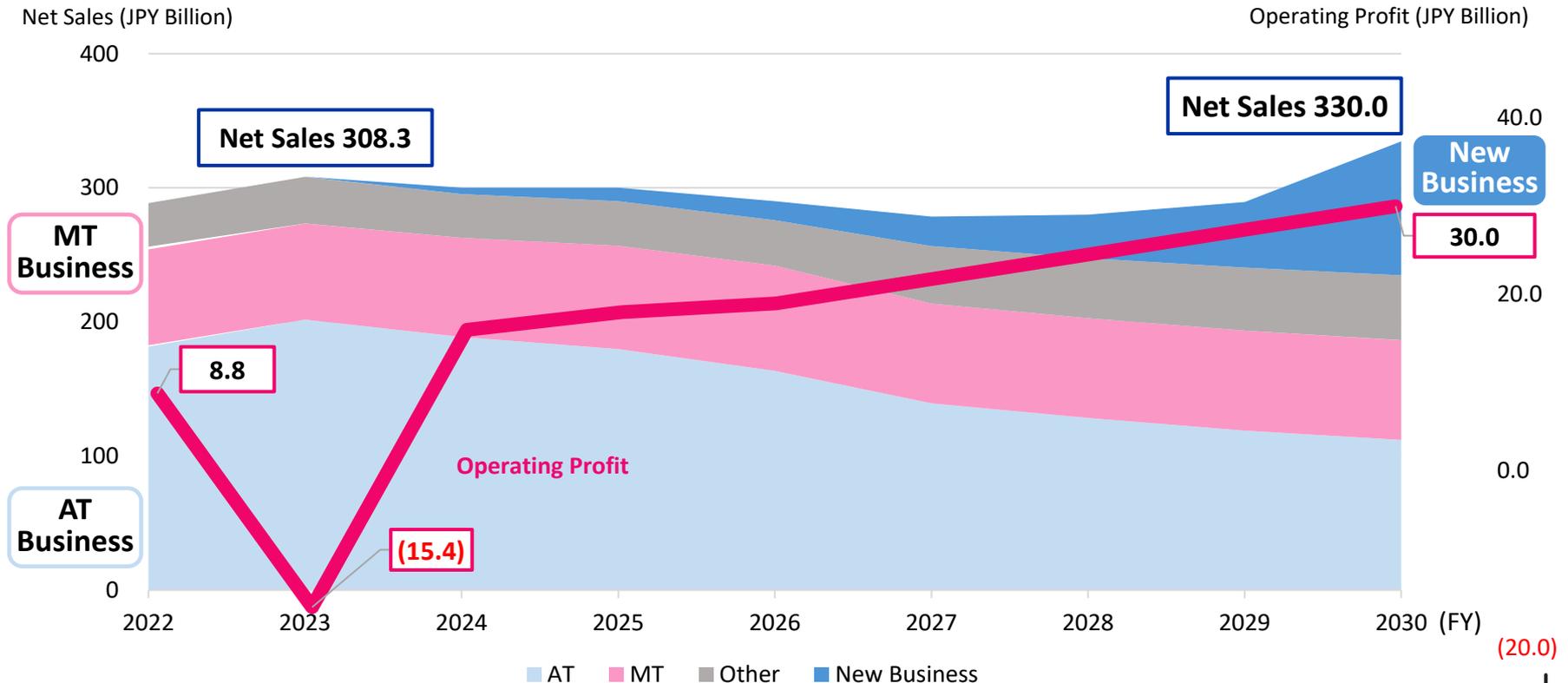
Net Sales
JPY 330 billion

New product sales ratio
30%

Roadmap towards the FY 2030

- ✓ Anticipating the downsizing of the AT business, improve the earnings capacity of current businesses & concentrate management resources on the creation of new businesses, establishing them as core pillars of the business.
- ✓ Aim to achieve ROE 8% (Sales of JPY 330 billion, Operating Profit of JPY 30 billion) by FY 2030.

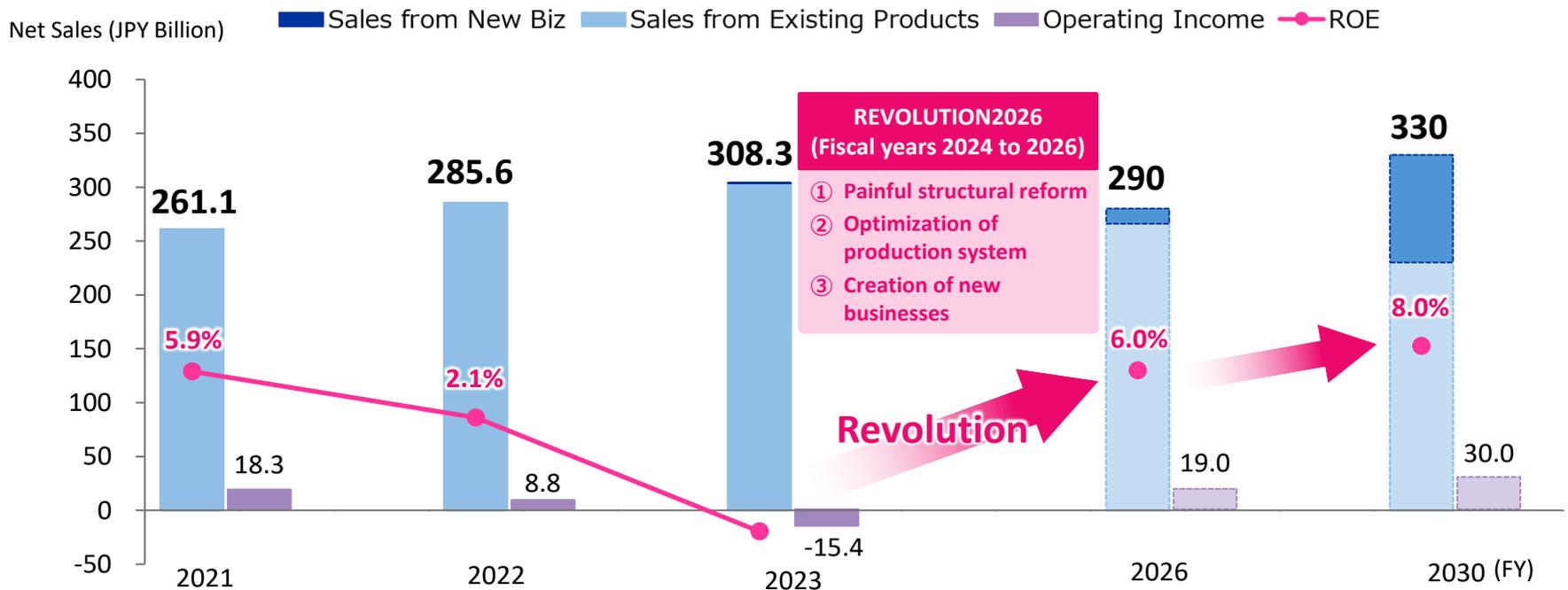
Transform the Business Portfolio by 2030 to improve "Earning Power".



Mid-Term Management Plan "REVOLUTION2026" positioning

- ✓ Fiscal Years 2024–2026 are characterized as the "Transformation Period" to respond to rapid environmental changes.
- ✓ Beginning with the AT business impairment loss (JPY 32.2 billion) implemented in FY 2023 as a part of painful structural reforms, further transformations in profitability will be pursued in the current mid-term plan period through appropriate resource allocation.

FY2024-FY2026 is "A transformative period" to respond rapidly changing business landscape





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2. Financial results for the Fiscal Year 2024

Consolidated Financial Summary

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- ✓ **Sales:** Although there is a decline in order volume, it is covered by the exchange rate effect due to the weaker JPY and the transfer of costs related to raw materials & labor costs to customers through pricing.
- ✓ **Operating Profit:** There is a significant increase compared to the previous fiscal year due to the absence of an impairment loss of JPY 32.2 billion in FY 2023 & a reduction in depreciation expenses, alongside exchange rate effects due to the weaker JPY and profitability improvements at the US subsidiary.
Operating Profit & ROE both surpass the target for the final year of the mid-term plan, the March 2027 fiscal period (Operating Profit of JPY 19 billion, ROE of 6%)

Unit: JPY Billion	FY 2023 Results (2023/4-2024/3)	FY 2024 Results (2024/4-2025/3) <First Year of the Mid-term Plan>	Increase /Decrease	Rate of Change	FY 2024 Projection (Disclosed on 25 April 2024)
	Revenue	308.3	309.6	+1.2	+ 0.4%
Operating Profit	▲ 15.4	21.8	+ 37.3	—	16.0
Ratio to Revenue	▲ 5.0%	7.1%	+ 12.1pt	—	5.3%
Net Profit	▲ 10.0	12.7	+ 22.8	—	10.0
Ratio to Revenue	▲ 3.3%	4.1%	+ 7.4pt	—	3.3%
ROE	▲ 4.5%	6.4%	+ 10.9pt	—	4.5%
FX Rate (USD-JPY)	144.4	152.5	+ 8.1	+ 5.6%	148.0

2. Financial results for the Fiscal Year 2024

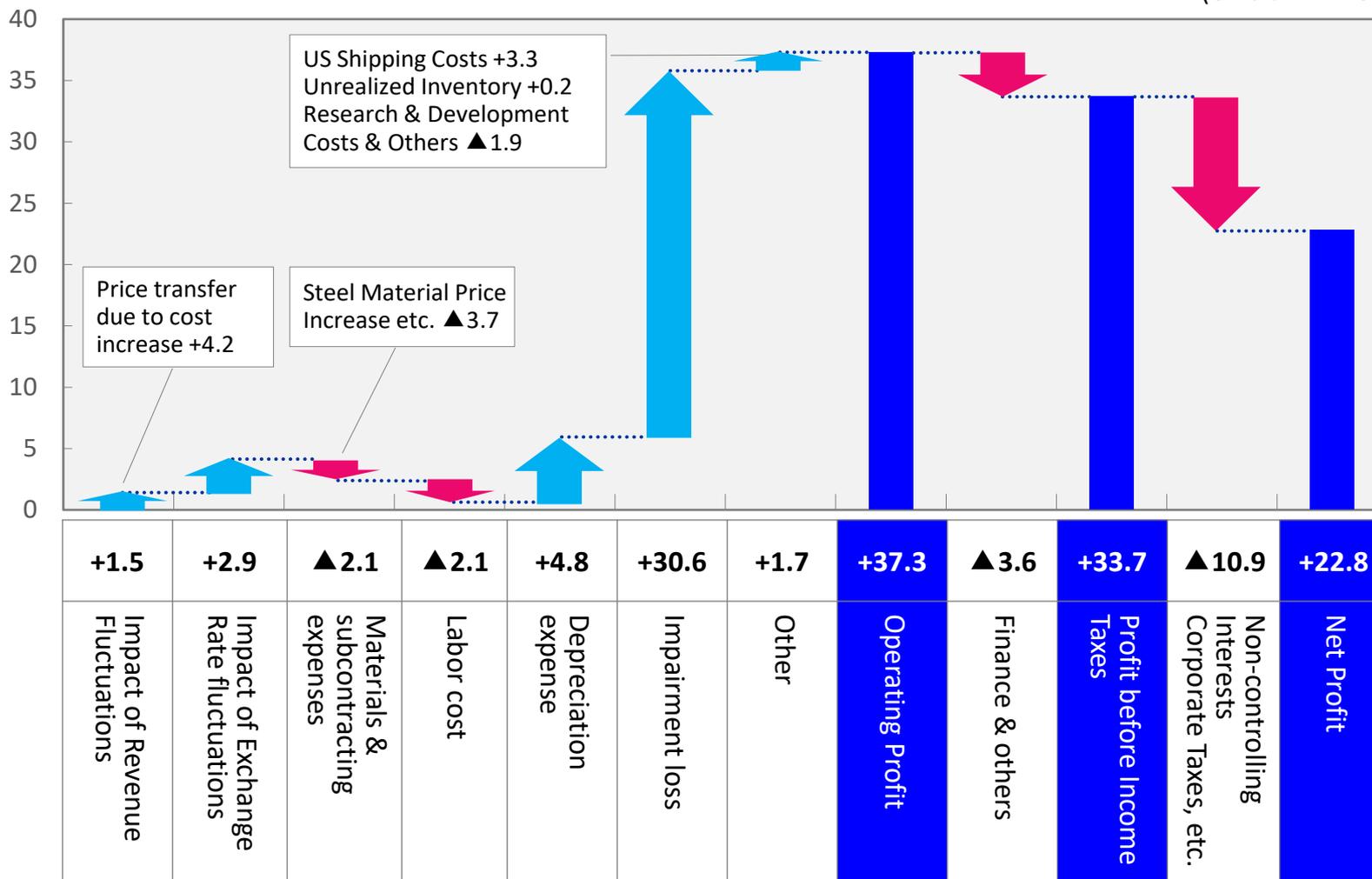
Factors for Profit Increase/Decrease

: Comparison of Actual Results for FY 2024 vs. FY 2023

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(Unit: JPY Billion)



2. Financial results for the Fiscal Year 2024

Business/Location Segment Matrix - Revenue

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Unit: JPY Billion	Location	MT	AT	Others Total				Total
					TS	2 W	Other	
FY 2023 Results	Japan	18.8	91.4	15.4	12.3	0.1	3.0	125.6
	Americas	6.9	49.9	2.5	2.4	0.0	0.1	59.3
	China	5.3	38.5	0.2	0.2	0.0	0.0	44.1
	Asia	35.3	15.9	16.8	0.0	16.7	0.1	68.1
	Others	5.3	6.0	0.02	0.0	0.0	0.02	11.3
	Total	71.6	201.7	35.0	15.0	16.8	3.2	308.3

FY 2024 Results	Japan	18.5	89.3	15.9	11.9	0.1	3.9	123.6
	Americas	7.5	47.5	1.7	1.7	0.0	0.0	56.7
	China	5.0	39.7	0.3	0.3	0.0	0.0	45.0
	Asia	36.9	16.9	18.1	0.0	17.9	0.2	72.0
	Others	5.9	6.4	0.1	0.0	0.0	0.1	12.3
	Total	73.8	199.7	36.0	13.9	18.0	4.1	309.6

Difference	Japan	▲ 0.3	▲ 2.1	0.5	▲ 0.4	0.0	0.9	▲ 2.0
	Americas	0.6	▲ 2.4	▲ 0.8	▲ 0.7	0.0	▲ 0.1	▲ 2.6
	China	▲ 0.3	1.2	0.0	0.0	0.0	0.0	0.9
	Asia	1.6	1.0	1.3	▲ 0.0	1.3	0.0	3.9
	Others	0.6	0.4	0.1	0.0	0.0	0.1	1.0
	Total	2.2	▲ 2.0	1.1	▲ 1.1	1.3	0.9	1.2

MT: +2.2 (of which, Impact of FX rate +2.2)

Although sales of aftermarket products increased in quantity, the total quantity slightly decreased due to the decline in sales quantity for OEM. Yet, sales amount increased due to exchange rate effects.

AT: ▲ 2.0 (of which, Impact of FX rate +5.7)

There was a decline in sales quantity due to the sluggish sales of AT cars. Yet, sales amount only slightly decreased due to the transfer of sales price to customers & exchange rate effects.

Others: +1.1 (of which, Impact of FX rate +0.6)

Although there was a decline in sales volume of the TS business in North America, the total sales amount increased due to an increase in sales volume of the two-wheeler business in Asia & an increase in sales volume of new businesses in Japan.

2. Financial results for the Fiscal Year 2024

Business/Location Segment Matrix - Operating Profit

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Unit: JPY Billion	Location	MT	AT	Others Total	Others			Total
					TS	2 W	Others	
FY 2023 Results	Japan	5.2	▲ 10.8	1.5	1.9	▲ 0.1	▲ 0.3	▲ 6.3
	Americas	0.5	▲ 4.9	0.2	0.1	0.0	0.0	▲ 4.3
	China	0.1	▲ 11.7	0.1	0.1	▲ 0.0	0.0	▲ 11.5
	Asia	3.6	1.4	1.0	0.0	1.1	▲ 0.0	6.2
	Others	0.1	0.4	0.0	0.0	0.0	0.0	0.5
	Total	9.4	▲ 25.7	2.8	2.1	0.9	▲ 0.2	▲ 15.4

MT: +1.5

(of which, Impact of FX rate +2.0)

Despite profit reduction due to a decrease of the volume in OEM sales, profits increased due to increased sales of aftermarket products & exchange rate effects.

FY 2024 Results	Japan	5.6	8.1	0.1	1.6	▲ 0.2	▲ 1.3	10.4
	Americas	0.6	▲ 2.1	0.1	0.0	0.0	0.0	▲ 1.5
	China	▲ 0.1	4.4	0.0	0.0	0.0	0.0	4.6
	Asia	4.5	1.5	1.4	0.0	1.4	▲ 0.0	7.4
	Others	0.3	0.2	0.1	0.0	0.0	0.1	0.8
	Total	11.0	12.2	1.7	1.7	1.2	▲ 1.2	21.8

AT: +37.9

(of which, Impact of FX rate +2.0)

Despite the impact of reduced sales volume, profits increased due to factors including the reversal of impairment losses recorded in FY 2023, reduced shipping costs of U.S. entity, exchange rate effects, and passing on cost increases to customers through sales price adjustments.

Difference	Japan	0.5	18.9	▲ 1.5	▲ 0.3	▲ 0.1	▲ 1.1	16.8
	Americas	0.1	2.8	▲ 0.1	▲ 0.1	0.0	▲ 0.0	2.8
	China	▲ 0.2	16.2	▲ 0.0	▲ 0.0	0.0	0.0	16.1
	Asia	1.0	0.1	0.3	▲ 0.0	0.4	▲ 0.0	1.2
	Others	0.2	▲ 0.1	0.1	0.0	0.0	0.1	0.3
	Total	1.5	37.9	▲ 1.2	▲ 0.4	0.3	▲ 1.0	37.3

Others: ▲ 1.2

(of which, Impact of FX rate +0.0)

Although there was an increase in sales from the two-wheeler business & new businesses, there was a decline in profit due to initial costs of the new business launch & increased development expenses.



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3. Forecast for the Fiscal Year 2025

Impact of U.S. Tariff Policies on Performance

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Imports at U.S. bases of our group

No.	Our group	Annual import amount (USD thousand)	Import amount/year (JPY billion)
①	EXEDY Global Parts	25,207	3.6
②	DYNAX America	37,818	5.4
Total (③ = ① + ②)		63,025	9.0

Exports to the U.S. via customers from our group

No.	Our group	Annual amount of exports to the U.S. via customers (JPY billion)
④	EXEDY Group	30.9
⑤	DYNAX Group	35.5
Total (⑥ = ④+⑤)		66.4

Grand Total (③+⑥)

JPY 75.4 billion

- ✓ Due to the inability to appropriately estimate the decline in orders resulting from sudden changes in U.S. tariff policies at this moment, these are not reflected in the forecast for the FY 2025 (2025/4-2026/3).
- ✓ While appropriately reflecting the cost increase due to sudden changes in tariff policies in the selling price, in the case of a decrease in order quantity, we plan to optimize the production system.

3. Forecast for the Fiscal Year 2025

Consolidated Financial Summary

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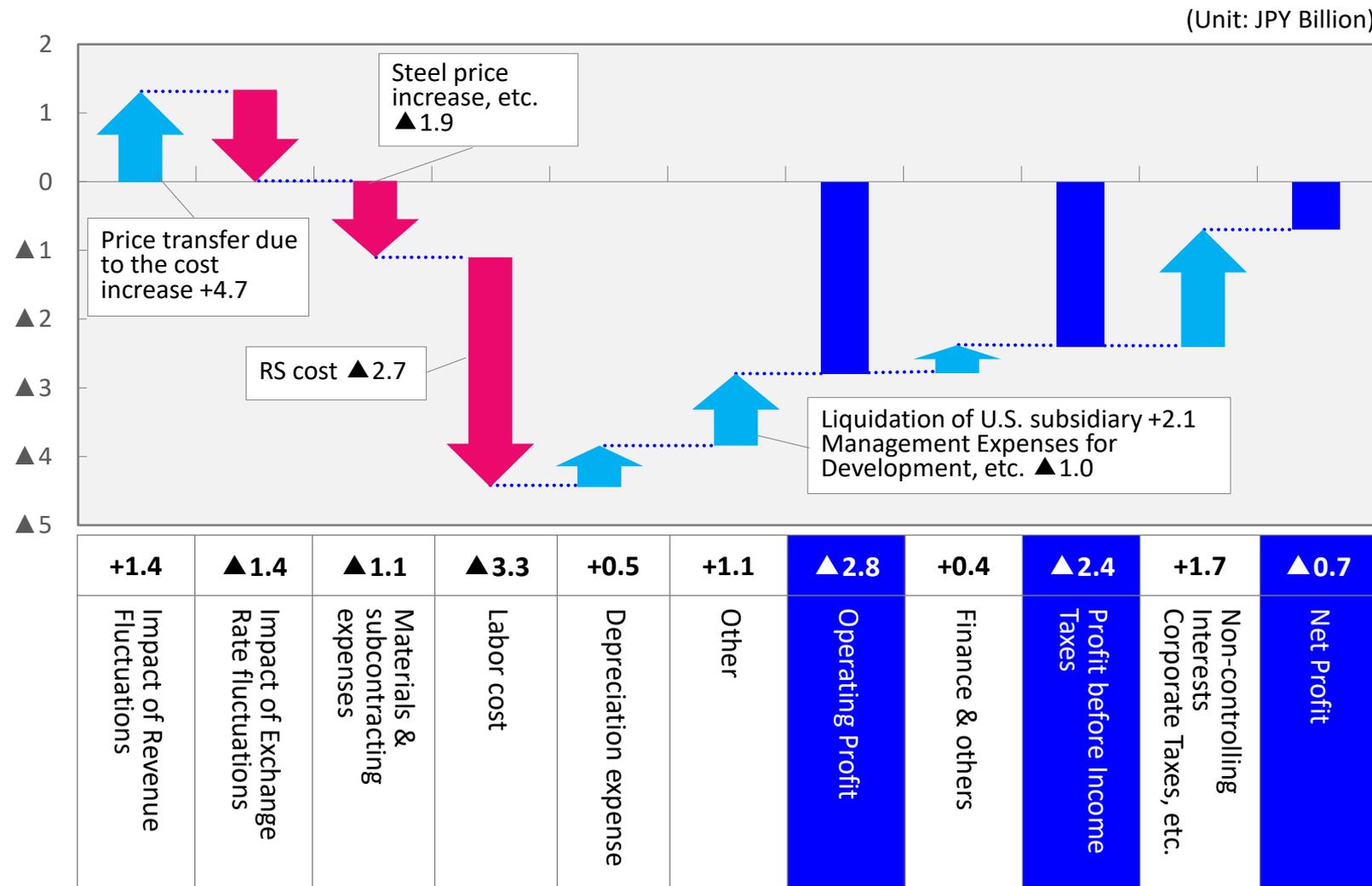
- ✓ **Sales:** Due to a decrease in the number of orders in the AT business & exchange rate effect from the stronger JPY, a decrease of 7.9% is expected compared to FY 2024.
- ✓ **Operating Profit:** Despite factors that reduce profit, such as a decline in order volume and an increase in labor cost associated with stock provision to employees in FY2024, there are recovery strategies like liquidating the deficit in the U.S. subsidiary and transferring price increases to customers. While a boost of 13.0% decrease is expected compared to FY 2024, the projections do not fall short of the targets for the final fiscal year of the mid-term plan, FY 2026 (Operating Profit of JPY 19 billion & ROE of 6%).
- ✓ **Medium-term plan targets:** Based on steady progress, the Operating Profit & ROE have been revised upwards.

Unit: JPY Billion	FY 2024 Results (2024/4-2025/3) <First Year of the Mid-term Plan>	FY 2025 Forecast (2025/4-2026/3) <Second Year of the Mid-term Plan>	Increase /Decrease	Rate of change	update Reference: Target for FY 2026 (Final year of the medium-term plan)
Revenue	309.6	285.0	▲ 24.6	▲ 7.9%	290.0 → 280.0
Operating Profit	21.8	19.0	▲ 2.8	▲ 13.0%	19.0 → 20.0
Ratio to Revenue	7.1%	6.7%	▲ 0.4pt	—	7.1%
Net Profit	12.7	12.0	▲ 0.7	▲ 5.8%	12.5
Ratio to Revenue	4.1%	4.2%	+0.1pt	—	4.5%
ROE	6.4%	6.6%	+0.2pt	—	6.0% → 6.7%
FX Rate (USD-JPY)	152.5	143.0	▲ 9.5	▲ 6.2%	143.0

3. Forecast for the Fiscal Year 2025

Factors for Profit Increase/Decrease

: Forecast for FY 2025 vs. Results for FY 2024



3. Forecast for the Fiscal Year 2025

Business/Location Segment Matrix - Revenue

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Unit: JPY Billion	Location	MT	AT	Others total			Total	
				TS	2 W	Others		
FY 2024 Results	Japan	18.5	89.3	15.9	11.9	0.1	3.9	123.6
	Americas	7.5	47.5	1.7	1.7	0.0	0.0	56.7
	China	5.0	39.7	0.3	0.3	0.0	0.0	45.0
	Asia	36.9	16.9	18.1	0.0	17.9	0.2	72.0
	Others	5.9	6.4	0.1	0.0	0.0	0.1	12.3
	Total	73.8	199.7	36.0	13.9	18.0	4.1	309.6

FY 2025 Forecast	Japan	19.5	78.5	16.8	11.9	0.1	4.8	114.8
	Americas	7.3	38.4	2.0	1.8	0.0	0.2	47.7
	China	4.4	33.8	0.2	0.2	0.0	0.0	38.4
	Asia	36.8	14.2	22.0	0.0	21.7	0.3	73.0
	Others	5.3	5.8	0.0	0.0	0.0	0.0	11.1
	Total	73.3	170.7	41.0	13.9	21.8	5.3	285.0

Difference	Japan	1.0	▲ 10.8	0.9	▲ 0.0	0.0	0.9	▲ 8.8
	Americas	▲ 0.2	▲ 9.1	0.3	0.1	0.0	0.2	▲ 9.0
	China	▲ 0.6	▲ 5.9	▲ 0.1	▲ 0.1	▲ 0.0	0.0	▲ 6.6
	Asia	▲ 0.1	▲ 2.7	3.9	▲ 0.0	3.8	0.1	1.0
	Others	▲ 0.6	▲ 0.6	▲ 0.1	0.0	0.0	▲ 0.1	▲ 1.2
	Total	▲ 0.5	▲ 29.0	5.0	0.0	3.8	1.2	▲ 24.6

MT : ▲ 0.5

(of which, Impact of FX rate ▲ 2.2)

Although sales volume for aftermarket products & OEM increase, the sales figure will decrease due to exchange rate effects.

AT: ▲ 29.0

(of which, Impact of FX rate ▲ 5.6)

Sales figure will decrease due to factors such as liquidation of the U.S. local corporation, decrease in sales volume in various regions, and exchange rate effects.

Other: +5.0

(of which, Impact of FX rate ▲ 0.5)

Sales figure will increase due to new product orders for 2-wheelers in Asia, startup & expansion of new businesses.

3. Forecast for the Fiscal Year 2025

Business/Location Segment Matrix - Operating Profit

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Unit: JPY Billion	Location	MT	AT	Others Total				Total
					TS	2 W	Others	
FY 2024 Results	Japan	5.6	8.1	0.1	1.6	▲ 0.2	▲ 1.3	10.4
	Americas	0.6	▲ 2.1	0.1	0.0	0.0	0.0	▲ 1.5
	China	▲ 0.1	4.4	0.0	0.0	0.0	0.0	4.6
	Asia	4.5	1.5	1.4	0.0	1.4	▲ 0.0	7.4
	Others	0.3	0.2	0.1	0.0	0.0	0.1	0.8
	Total	11.0	12.2	1.7	1.7	1.2	▲ 1.2	21.8

FY 2025 Forecast	Japan	5.7	4.7	▲ 4.0	1.6	▲ 0.2	▲ 5.4	5.1
	Americas	0.6	0.8	0.1	0.0	0.0	0.1	1.5
	China	0.2	4.5	0.1	0.1	0.0	0.0	5.0
	Asia	4.3	1.6	1.1	0.0	1.3	▲ 0.2	6.9
	Other	0.3	0.0	0.1	0.0	0.0	0.1	0.5
	Total	11.1	11.6	▲ 2.6	1.7	1.1	▲ 5.4	19.0

Difference	Japan	0.1	▲ 3.4	▲ 4.1	0.0	▲ 0.0	▲ 4.1	▲ 5.3
	Americas	▲ 0.0	2.9	0.0	▲ 0.0	0.0	0.1	3.0
	China	0.3	0.1	0.1	0.1	▲ 0.0	0.0	0.4
	Asia	▲ 0.2	0.1	▲ 0.3	▲ 0.0	▲ 0.1	▲ 0.2	▲ 0.5
	Other	0.0	▲ 0.2	▲ 0.0	0.0	0.0	▲ 0.0	▲ 0.3
	Total	0.1	▲ 0.6	▲ 4.3	0.0	▲ 0.1	▲ 4.2	▲ 2.8

MT: +0.1
(of which, Impact of FX rate ▲0.3)

Although there is an increase in sales volume of aftermarket products & OEM, profits remain slightly increased due to the rise in labor costs & the impact of exchange rates.

AT: ▲0.6
(of which, Impact of FX rate ▲0.4)

Despite a decrease in sales volume, profits remain slightly reduced due to the liquidation & profitability improvement of US subsidiaries, passing on the cost increases to sales prices, and the elimination of impairment loss implemented in FY 2024.

Others: ▲4.3
(of which, Impact of FX rate +0.0)

Despite new orders for two-wheeled products and sales increase due to the launch & expansion of new businesses, profits will decrease due to initial costs at the time of new business launches & an increase in development expenses.

3. Forecast for the Fiscal Year 2025

Shareholder returns

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Shareholder returns aimed at enhancing corporate value & capital efficiency

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Per Share Dividend	JPY 60	JPY 90	JPY 90	JPY 120	JPY 250	update	
	Mid-year: JPY 30 Year-end: JPY 30	Mid-year: JPY 40 Year-end: JPY 50	Mid-year: JPY 45 Year-end: JPY 45	Mid-year: JPY 60 Year-end: JPY 60	Mid-year: JPY 100 Year-end: JPY 150	Annual JPY 250 Or more	Annual JPY 250 Or more
Total Return Ratio	56%	34%	92%	▲56%	Total shareholder return ratio of 100% during the entire mid-term planning period		
DOE	1.4%	1.9%	1.9%	2.6%	425%	Aiming for DOE of 5% update	
Treasury Stock Acquisition	-	-	-	-	Responding to changes in the management environment, implement flexibly JPY 45 billion in FY 2024		

- ✓ FY 2024: Increased annual dividend per share to JPY 250 & conducted share buyback (JPY 45 billion).
- ✓ FY 2025 & beyond: Aim for a total shareholder returns ratio of 100% & DOE of 5% during the entire mid-term plan period, continuing to return excess proper equity amounts primarily through dividends even after the end of the mid-term plan period.



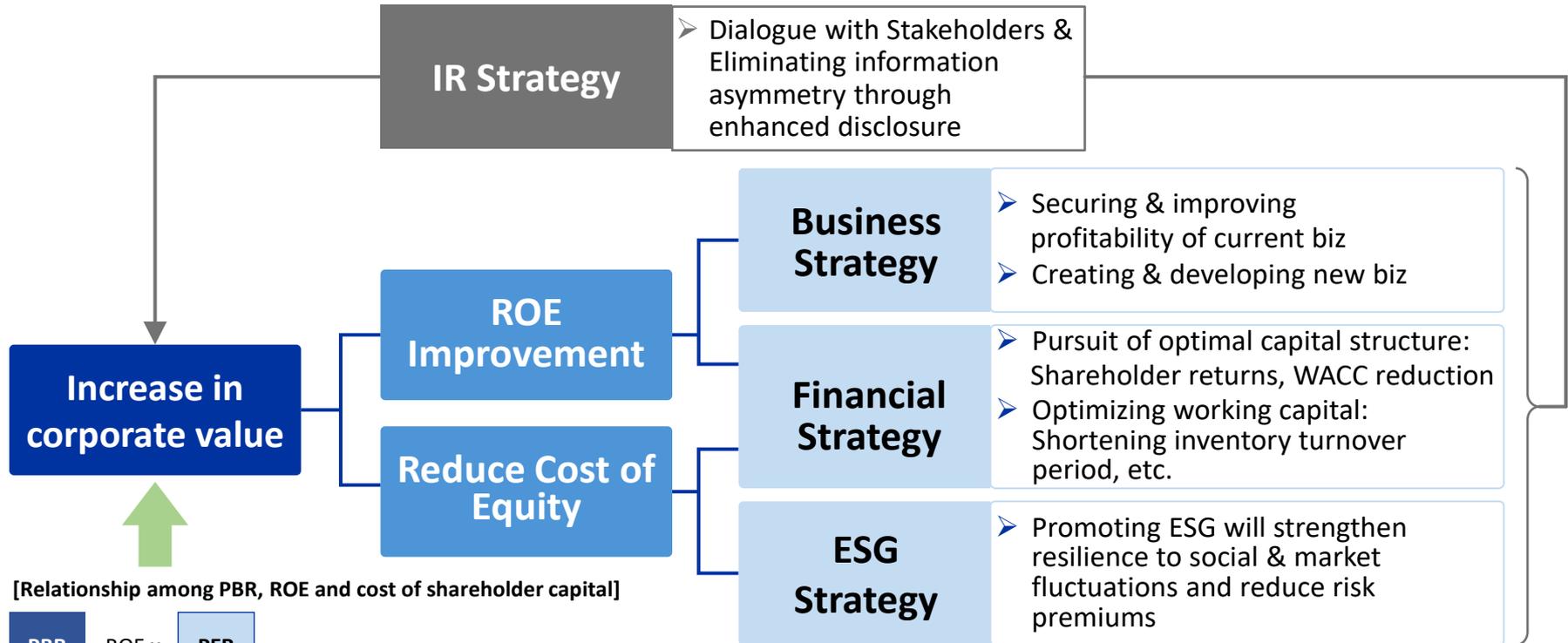
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1. Reminder of Medium-to-Long-Term Strategy & Medium-Term Management Plan
2. Financial results for the Fiscal Year 2024 (2024/4 – 2025/3)
3. Forecast for the Fiscal Year 2025 (2025/4 – 2026/3)
4. **Progress on the Medium-Term Management Plan "REVOLUTION 2026"**
 - 1) Financial Strategy
 - 2) Business Strategy
 - 3) ESG Strategy
 - 4) IR Strategy

4. Progress on the Medium-Term Management Plan "REVOLUTION 2026" Medium-to-Long-Term Strategy to improve corporate value

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

$$\text{PBR} = \text{ROE} \times \text{PER}$$

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

Improving ROE & PER is necessary to increase corporate value ($\hat{=}$ PBR).
Aim to raise PER by reducing Cost of Equity

- ✓ Our company group is conscious of capital costs & stock prices and promotes the enhancement of corporate value ($\hat{=}$ PBR) through the implementation of Business Strategy, Financial Strategy, ESG Strategy, and IR Strategy.
- ✓ In line with this approach, the status of our efforts is explained from the next page onward.

4. Progress on the Medium-Term Management Plan "REVOLUTION 2026"

1) Financial Strategy (Improving capital profitability through the pursuit of an optimal capital structure)

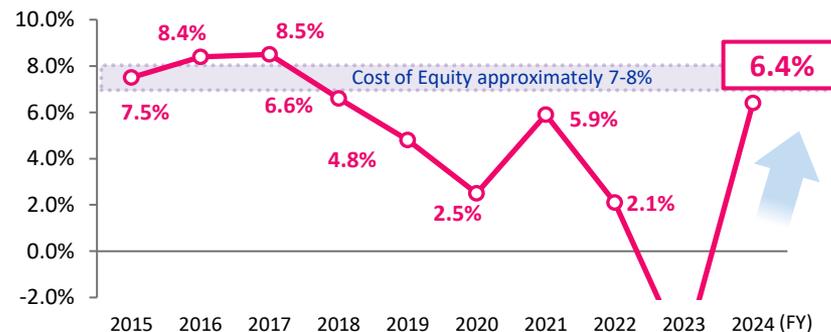
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PBR



ROE & Cost of Equity



Challenges (As of End of March 2024)	Main requests from 7 major Shareholders (in June—September 2024)	Updated Financial Strategy (in October 2024)	Results (As of End of March 2025)
Continuation of PBR less than 1 <PBR: 0.7 times> ① ROE below shareholder capital cost <Equity Ratio: 67.9%> ② Decrease in torque converter demand due to BEV shift	ROE Improvement: 7 shareholders	Updating Financial Strategy to achieve ROE goals (FY 2026: 6%, FY 2030: 8%)	Achieved ROE target for FY 2026 two years ahead (ROE: 6.4%, improved PBR: 0.9 times)
	Formulation of Balance Sheet (BS) policy: 7 shareholders	Calculated the optimal equity ratio (60%)※1, and formulated an achievement policy by the end of FY 2025.	Built an optimal Balance Sheet (Equity ratio: 59.4%, maintain JCR rating A+ ※2)
	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 Dividends: 4 shareholders		Increased Dividend (from JPY 120 to over JPY 200 ※3)
Not Necessary (Focusing on growth investment): 2 shareholders	Securing Growth Investment Funds (JPY 30 billion)		
Share Buyback: 1 shareholder		Additional Share Buyback JPY 30 billion (total JPY 45 billion)	

- ✓ Financial Strategy revised based on dialogue with major 7 shareholders. By transforming to an optimal balance sheet, the current medium-term plan's ROE target of 6% was achieved two years ahead of schedule (improving the PBR to 0.9 times. Maintained JCR rating A+ after changes in capital structure).
- ✓ Going forward, this ratio of equity capital will be maintained.

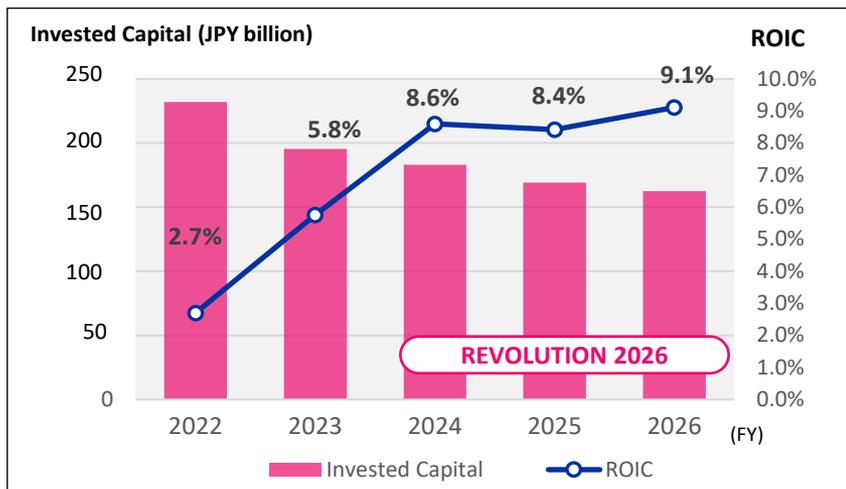
4. Progress on the Medium-Term Management Plan "REVOLUTION 2026"

1) Financial Strategy ("Enhancing Earning Power" ROIC management)

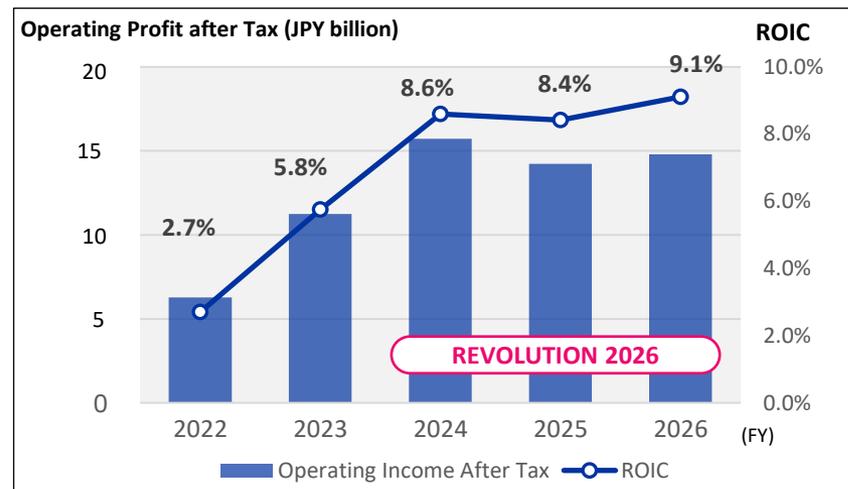
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Invested Capital & ROIC



After-tax Operating Profit & ROIC



ROIC = Operating Profit after Tax ÷ Invested Capital (Working Capital + Investment Capital) *Note: Operating Profit excludes other income & expenses

Working Capital = Receivables + Inventory - Payables

Investment Capital = Tangible Fixed Assets + Intangible Fixed Assets

- ✓ FY2022: Introduced & implemented ROIC as an investment decision criterion <Profitable Investment>
- ✓ FY 2023: Impaired AT operations with low profitability leading to a recording of JPY 31.9 billion impairment loss (to reduce depreciation burden)
- ✓ FY 2024: Issued ROIC targets & inventory reduction goals to headquarters & affiliates, and reduced inventory by JPY 2.5 billion
- ✓ FY 2025: Establish a Corporate Strategy Promotion Headquarters to monitor ROIC, and engage in the reduction of accounts receivable also

1) Financial Strategy (Capital Allocation)

Capital Allocation for FY2024-FY2026

Cash Flow (3-years cumulative)

IN	OUT
<p>update</p> <p>Operating CF: JPY 81 billion</p>	<p>Growth Investment: JPY 30 billion</p>
	<p>Renewal Investment: JPY 15 billion</p>
	<p>update</p> <p>Shareholder Returns Dividends: JPY 28 billion Acquisition of Treasury Stock: JPY 45 billion</p>
<p>Reduction of Working Capital, etc.: JPY 7 billion</p>	
<p>Utilization of Financial Leverage: JPY 30 billion</p>	

Growth Investment

- ① **Strategic Investment**
 - Strategically & Flexibly Invest Funds to create new business
 - Establish a dedicated M&A department to achieve Medium-Term profit target
- ② **R&D**
 - To concentrate Investment of talent & funds into new business <Investment ration to New Biz> 63% in FY2026, 70% in FY2030

Shareholder Returns

- ① **Increase in Shareholder Dividends** **update**

Increase annual dividend per share to at least JPY 250
- ② **Acquisition of Treasury Stock**

Conducted acquisition of treasury stock worth JPY 45 billion in FY 2024 to enhance corporate value & capital efficiency

- ✓ FY2024: Increased the annual dividend per share to JPY 250, carried out the acquisition of treasury stock worth JPY 45 billion. Utilized Financial Leverage (JPY 300 billion raised through a syndicated loan).
- ✓ FY 2025 & beyond: Focus on aggressive Growth Investment to increase corporate value, and continue sufficient shareholder returns.

4. Progress on the Medium-Term Management Plan "REVOLUTION 2026"

1) Financial Strategy (Shareholder Returns)

Drive our future.

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Shareholder returns aimed at enhancing corporate value & capital efficiency

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Per Share Dividend	JPY 60	JPY 90	90 yen	120 yen	JPY 250	update	
	Mid-year: JPY 30 Year-end: JPY 30	Mid-year: JPY 40 Year-end: JPY 50	Mid-year: JPY 45 Year-end: JPY 45	Mid-year: JPY 60 Year-end: JPY 60	Mid-year: JPY 100 Year-end: JPY 150	Annual JPY 250 Or more	Annual JPY 250 Or more
Total Return Ratio	56%	34%	92%	▲56%	Total shareholder return ratio of 100% during the entire mid-term planning period		
DOE	1.4%	1.9%	1.9%	2.6%	425%	Aiming for DOE of 5% update	
Treasury Stock Acquisition	-	-	-	-	5.2%	Responding to changes in the management environment, implement flexibly JPY 45 billion in FY 2024	

- ✓ FY 2024: Increased annual dividend per share to JPY 250 & conducted share buyback (JPY 45 billion).
- ✓ FY2025 & beyond: Aim for a total shareholder returns ratio of 100% & DOE of 5% during the entire mid-term plan period, continuing to return excess proper equity amounts primarily through dividends even after the end of the mid-term plan period.

4. Progress on the Medium-Term Management Plan "REVOLUTION 2026"

2) Business Strategy (Structure change)

Drive our future.

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To achieve the Medium- to Long-term Strategy, implement organizational reforms on 1 April 2025

Medium to Long-term Strategy	Transformation of business portfolio	
	To improve earning power within the existing business, and concentrate human resources & funds for the creation of new businesses	
	Securing & improving the profitability of current businesses <ul style="list-style-type: none"> ➤ MT: Further improve profitability through expansion into emerging markets for spare parts (after-sales) & enhancement of product lines ➤ AT & TS: Pursuit of efficient management, including optimization of the production system ➤ 2-wheelers: Capture the expanding demand in emerging markets, including India 	Creation & fostering of new businesses <ul style="list-style-type: none"> ➤ Acquire insufficient resources externally through collaboration, etc., to accelerate electrification strategy ➤ Priority allocation of management resources to Projects for early realization ➤ Creation of further new businesses through active utilization of M&A, etc.

Organizational changes (measures)	Establish the Core Business HQ Integrating existing business divisions of the Development HQ & Production Technology HQ with MT Manufacturing HQ, TS Manufacturing HQ and AT Manufacturing HQ to achieve efficient operation of existing businesses.
	Reorganize the Development HQ and Production Technology HQ By dividing the Development HQ & Production Technology HQ into existing business & new business divisions, we aim to create new value through integrated operations.
	Establish the Strategic Business HQ Integrate & newly establish departments responsible for handling new businesses for early development & further creation of new businesses. Consolidation of after-sales related departments, establishment of a new department dedicated to M&A, and pursuit of market development in the after-sales business.
	Establish the Corporate Strategy Promotion HQ Integrating the Administrative HQ & Global Talent Development HQ. Plan & promote the overall group Business Strategy, ESG strategy and Financial Strategy, while also monitoring existing & new businesses and taking responsibility for optimizing the allocation of management capital.

- ✓ To swiftly & appropriately address the challenges in promoting the Medium to Long-term Strategy ("**Enhancement of the profitability of the existing business [= core business]**" and "**Creation & nurture of new businesses**"), we will transform the organization with a clear purpose to achieve "**Transformation of the business portfolio.**"

(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, **dissolved "EXEDY America"** and transfer production to other locations. <Japan, China, Mexico> (Expected Operating Profit Impact for FY 2025: + JPY 2.1 billion)
- **Decided to implement an early retirement program at two locations in China** to streamline the workforce by a little less than 20%. (Expected Operating Profit Impact for FY 2025: + JPY 0.3 billion)
- 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 (Expected Operating Profit Impact for FY 2025: + JPY 0.8 billion)
 - **Capture 2-wheel demand in India & Indonesia**
 - India : Increase in orders from local manufacturers (Expected sales impact for FY 2026: + JPY 1.2 billion, excluding BEV 3-wheelers)
 - Indonesia: Acquisition of new model projects by Japanese manufacturers (Expected sales impact for FY2026: + JPY 4.5 billion)
- ✓ Commencement of optimizing global production systems from FY 2024 & **further efficiency measures to be implemented from FY 2025 onwards.**
- ✓ **Improving profit margins through passing on cost increases to customers & realizing fair pricing, aiming to capture emerging market demand for motorcycles.**

4. Progress on the Medium-Term Management Plan "REVOLUTION 2026"

2) Business Strategy (Core Business: Aftermarket)

Drive our future.

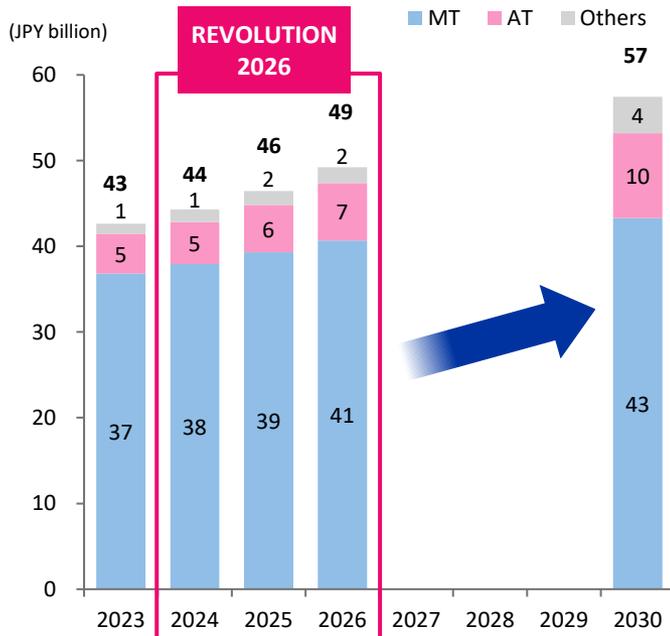
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FY2030 Targets & Strategy

Aftermarket Product Sales
JPY 57.4 billion
 (FY2023 result + JPY 14.7 billion)

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

Sales Plan by Segment (Consolidated Basis) & Initiatives during the Mid-Term Plan



Efforts during the Mid-term Plan Period (Compared to FY2024, increase plan for FY2026)

MT	<ul style="list-style-type: none"> • Expanding the line-up of clutch-related products for Korean, Chinese and European large vehicles (Expected impact on Sales: + JPY 800 million) • Implementation of cost reduction for clutch cover & facing repair parts (Expected impact on Operating Profit: + JPY 360 million)
AT	<ul style="list-style-type: none"> • Expanding the line-up of friction material related products <12 types> (Expected impact on Sales: + JPY 800 million) • Expansion of sales bases for transmission-related products <Japan, Thailand, Malaysia> (Expected impact on Sales: + JPY 800 million)
Other	<ul style="list-style-type: none"> • Commencement of handling brake & suspension-related products <Australia> (Expected impact on Sales: + JPY 100 million) • Acquisition of power steering repair parts company <Australia> (Expected impact on Sales: + JPY 100 million) • Expansion of sales bases for 2-wheeler related products <Philippines, Thailand> (Expected impact on Sales: + JPY 200 million)

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

4. Progress on the Medium-Term Management Plan "REVOLUTION 2026"

2) Business Strategy (New Business: Overall Picture)

Drive our future.

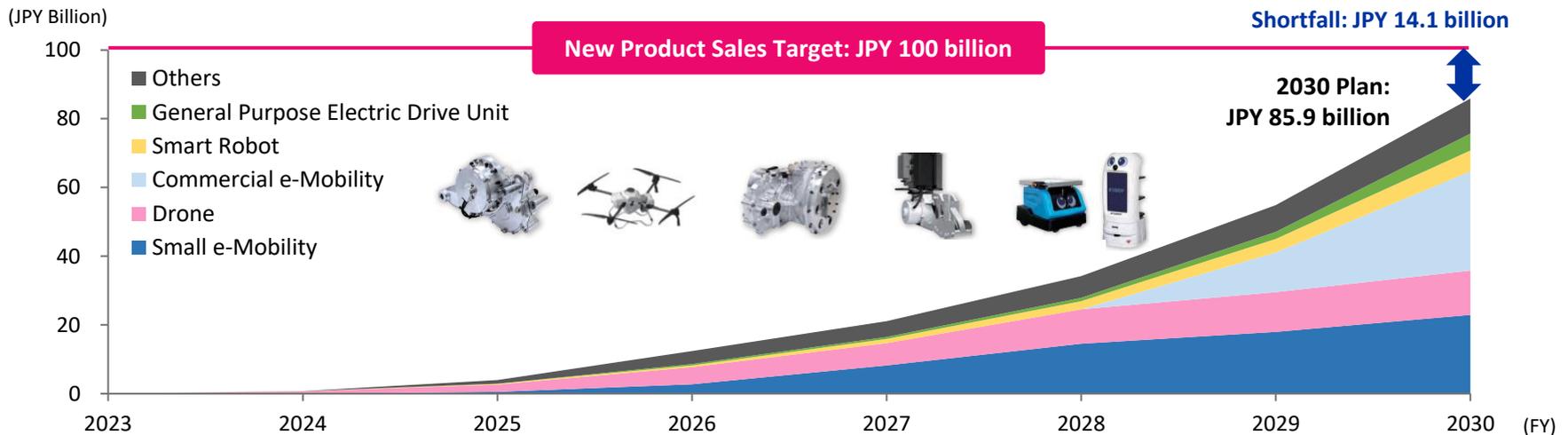
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New Business Target & Measures for FY 2030

New product sales
JPY 100 billion

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

Sales plan for electrified products on going 5 Projects



- ✓ Including 5 PJ, the sales plan for FY 2030 is JPY 85.9 billion. To achieve the target of JPY 100 billion, creating & nurturing even more new businesses.
- ✓ In April 2025, new division for new businesses (Strategic Business HQ) & departments (New Business Development Support Department, M&A Strategy Department and Business Incubation Department) were established to accelerate creating & nurturing of new businesses.

4. Progress on the Medium-Term Management Plan "REVOLUTION 2026"

2) Business Strategy (New Business: Outline of 5 Projects)

Drive our future.

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	Small e-Mobility	Commercial e-Mobility	Drone	Smart Robot	General Purpose Electric Drive Unit
Products					
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	Indian 2-wheeler & 3-wheeler market advancing electrification due to national policy.	With the current technology, Japan's commercial vehicle market is facing insufficient driving power & cruising range against government electrification targets.	The industrial drone market is growing worldwide, with an increasing demand for Japanese products in inspection, agriculture and logistics.	There is a rising need for automation & labor-saving in transport, indoor delivery and hospitality markets due to labor shortages.	Improvement of working environments is progressing, and there is a growing demand for safe & comfortable transport needs in manufacturers' factories & logistics companies' warehouses.
Policy	We are collaborating with vehicle & motor manufacturers that boast the second-largest market share in the Indian commercial 3-wheeler market. Utilizing our strengths, we are developing & expanding the sales of high-power drive units with CVT & drive units with a built-in clutch transmission.	In cooperation with Toshiba Group motor manufacturers & developers of electric drive systems for commercial vehicles, we aim to expand commercial e-mobility systems & target the "System Supplier" business.	Establishing a business as a "Drone total solution provider" that handles everything from development, manufacturing, sales, maintenance to services seamlessly.	Building a "Robot Ecosystem" by offering powerful, customizable robots & multi-robots, as well as a cloud-based platform capable of receiving operational instructions with no code required.	Offering assist pallet trucks & assist tuggers equipped with smooth start, gentle stop and automatic brake functions, we are globally expanding our "Factory Solution Business." We propose solution business combining our strengths with the expertise of our collaborators to address societal issues in target markets.

✓ Proposing a solution business that combines EXEDY's strengths with the insights of partners to a target market with social challenges

4. Progress on the Medium-Term Management Plan "REVOLUTION 2026"

2) Business Strategy (New Business: Small e-Mobility Project)

Drive our future.

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

FY 2030 sales target (Target customers, market characteristics, etc.)

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)



Product advantages (utilizing EXEDY's technology & 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

 <p>OSM OMEGA SENSITIVE MOBILITY</p> <p>Vehicle manufacturer (India)</p> <ul style="list-style-type: none"> ➤ Ranks second in the share of the commercial 3-wheeled BEV category in India ➤ Over 200 dealer locations ➤ Supplying to our company <p>Invested in June 2024</p>	 <p>ASTER</p> <p>Motor manufacturer (Japan)</p> <ul style="list-style-type: none"> ➤ Strong in high-efficiency, compact motors ➤ Supply motors for 2-wheel BEVs to our company <p>Invested in January 2022</p>	 <p>STARYA</p> <p>Motor manufacturer (India)</p> <ul style="list-style-type: none"> ➤ Strong in IoT & vehicle compatibility ➤ Supply motors for 3-wheel BEVs to our company <p>Invested in May 2023</p>
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- Market:** India's 2-Wheel & 3-Wheel market, targeted for electrification by government policy
- Measures:** In collaboration with Indian vehicle & motor manufacturers, develop & expand sales of high-output models utilizing our units with transmissions (initially targeting 3-Wheel market)
- Current Status:** By May 2025, we plan to begin 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)



4. Progress on the Medium-Term Management Plan "REVOLUTION 2026"

2) Business Strategy (New Business: Commercial e-Mobility Project)

Drive our future.

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FY 2030 sales target (Target customers, market characteristics, etc.)

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.

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	



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

Product superiority	
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

Affiliated Companies



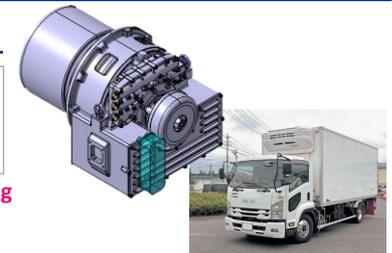
Electric motor manufacturers (Japan)

Strength in developing high-output motors such as motors for industrial/xEV use
Invested in August 2024



Development and manufacturing of electrical drive systems for commercial vehicles (Japan)

Strength in electric drive control systems
Invested in July 2024

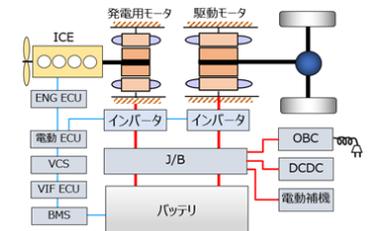


A prototype vehicle equipped with the WREV + SHEV system is scheduled for completion (first half of fiscal year 2025)

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 (20-30% share of new compact commercial vehicles)

Measures: 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

Current Status: WREV is evaluating unit-driven force expansion & energy consumption, with vehicle evaluation planned for FY 2025. SHEV is considering installation in small trucks & buses, which have issues with cruising range & charging time.



Commercial SHEV System Overview Diagram

4. Progress on the Medium-Term Management Plan "REVOLUTION 2026"

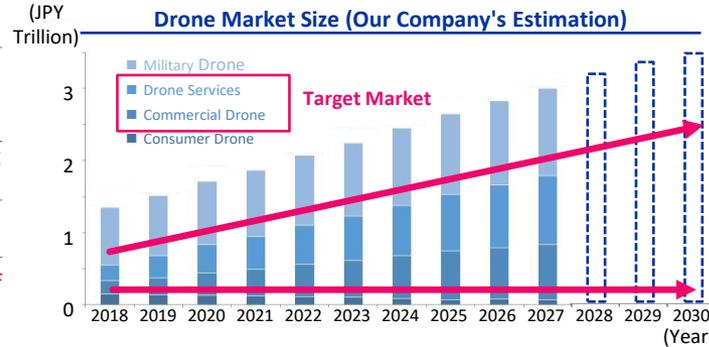
2) Business Strategy (New Business: Drone Project)

Drive our future.

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FY 2030 sales target (Target customers, market characteristics, etc.)

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



Baibars' drone pesticide spraying demonstration flight

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

Advantages of Our Products	<ol style="list-style-type: none"> Realizing Long Flight Duration & Low Noise Operations Offering Non-Chinese Products Amid Increasing Geopolitical Risks Providing 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

<p>ASTER Motor Manufacturer (Japan)</p> <p>Strong in high-performance motors that excel in dust & waterproofing and are lightweight Invested in January 2022</p>	<p>WorldLink & Company Aircraft Sales & Services (Japan)</p> <p>Strong in providing a wide range of solutions including spare parts sales, maintenance, agriculture, inspection and survey services. Invested in October 2024</p>	<p>FUWA DRONE Surveying service (Japan)</p> <p>Related businesses for drone surveying & 3D measurement Strength in high-precision UAV surveying technology Invested in April 2025</p>	<p>EXEDY ROBOTICS Logistics Aircraft Manufacturer (Japan)</p> <p>Strong in Japanese standard type certification and control software Invested in May 2024</p>	<p>baibars Agricultural Aircraft Manufacturer (Turkey)</p> <p>Strong in large machines, especially focusing on affordable pesticide sprayers Invested in October 2023</p>
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Market: Targeting the industrial (inspection, agriculture, logistics) drone market (initially focusing on Japan & US).

Measures: 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.

Current 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 Autumn 2025.



Surveying service of Fuwadrone

4. Progress on the Medium-Term Management Plan "REVOLUTION 2026"

2) Business Strategy (New Business: Smart Robot Project)

Drive our future.

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FY 2030 sales target (Target customers, market characteristics, etc.)

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※

Smart Robot Market Size (FY 2030)

(JPY Billion)	Market Size	Our Target	Share	Target Country
Smart Robots※	1,270	30	2%	Japan
Open Platform※	400	15	4%	Japan
Overseas Expansion※	2,160	15	1%	USA
Total	3,830	60	* Company Estimate	

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

Product Superiority	<ul style="list-style-type: none"> ➤ Highly Customizable Platform Provides APIs that easily connect with no-code apps, other systems and services ✓ Multi-Robot Functionality sharing among different software, capable of multiple roles with one unit ✓ Powerful-Robot 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.



Multi robot



Powerful Robot



Multi-Robot: Usage Image



Powerful Robot: Delivered to LIXIL Logistics Okayama Logistics Center.

Market: Amid labor shortages in the entire industry, **logistics centers of manufacturers** are targeted first.

Measures: 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.

Current 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.

4. Progress on the Medium-Term Management Plan "REVOLUTION 2026"

2) Business Strategy

(New Business: General Purpose Electric Drive Unit Project)

Drive our future.

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FY 2030 sales target (Target customers, market characteristics, etc.)

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 'thing 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	7,770	21.0	0.3%	Japan →Global
Assist Tagger (general-purpose towing machine)	7,770	19.0	0.2%	
Other	-	9.5		
Total	15,540	49.5		

Product advantages (utilizing EXEDY's technology & 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



Assist Pallet Truck

Assist Tagger

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

Measures: 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.**

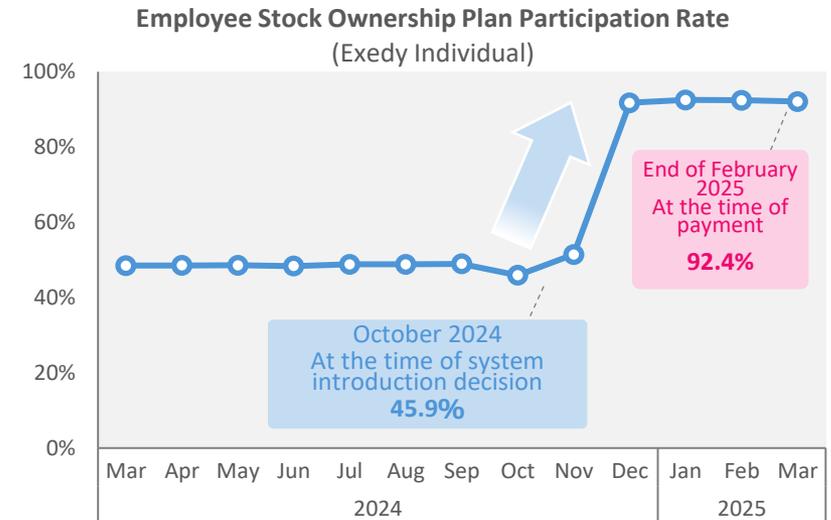
Current Status: **Limited sales of Assist Pallet Trucks to begin in May 2024**, with mass production expected from January 2026. Assist Taggers are slated for **limited sales starting in FY 2025.**



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

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

Purpose	① Expanding employee benefits as part of strengthening Human Capital ② Enhancing employees' awareness of participation in management ③ Promoting the Medium-Term Management Plan (REVOLUTION2026)
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 billion (approximately JPY 2 million /person)
Payment due date	28 February 2025



- ✓ Introducing a stock allocation plan aimed at "all employees who agree to this system," with the expectation that employees will stand on the same perspective as shareholders and commit to completing the Medium-Term Management Plan with their own efforts (This scheme is the first in Japan with a scale of JPY 1 million or more per person).
- ✓ In order to accurately communicate the purpose of the policies to all employees, the Representative Officer Director conducted face-to-face town hall meetings across different departments 26 times. Employee stock ownership plan participation rate rose to 92.4%.



4. Progress on the Medium-Term Management Plan "REVOLUTION 2026"

4) IR Strategy (Status of dialogue with shareholders)

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IR Structure / Main Correspondents with Shareholders & Investors

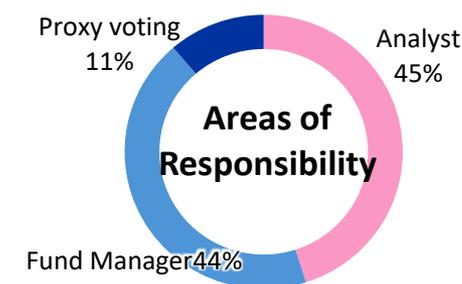
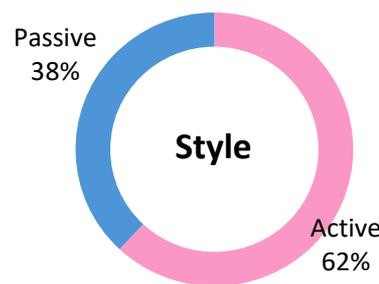
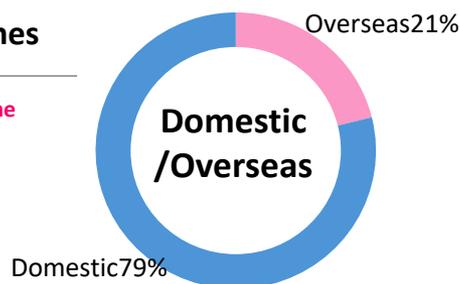
IR Structure	Officer in charge of IR: Representative Director & Senior Executive Managing Officer IR responsible Department: ESG・IR Promotion Dept. (2 dedicated staff)	
Main Correspondents	Financial Results Briefing	Representative Director & President, Representative Director & Senior Executive Managing Officer
	Small Meetings	Representative Director & Senior Executive Officer
	One-on-One Meetings	Senior Group Manager of Sustainability Group & General Manager of ESG/IR Promotion Department, Senior Group Manager of Planning & Administrative Group & General Manager of Corporate Planning Department

Overview of dialogue with shareholders & investors in FY 2024

Number of Dialogues

71 times

(97% increase compared to the previous year)



Feedback to management etc.

Feedback to management, etc.

The request items identified in the above dialogues were fed back at the Board of Directors (September 2024) and the Management Meeting (October 2024), and discussions were held based on that.

- ✓ Since April 2024, efforts have been made to enhance the structure to promote dialogue with shareholders, improving frequency & enriching content.
- ✓ The requests related to the optimal capital structure, shareholder returns policy, and governance system we received were discussed at the Board of Directors & Management Meeting, and **those judged to contribute to the enhancement of our company's value were reflected in management.**

4. Progress on the Medium-Term Management Plan "REVOLUTION 2026"

4) IR Strategy (Main requests from major shareholders)

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Item		Request	Response
ROE Optimal capital structure	① ROE improvement (7 shareholders)	Considering the Balance Sheet concept for ROE improvement (especially the level of equity capital) & methods to achieve it (7 shareholders)	① Aiming for ROE of 8%, promoting Medium to Long-Term Strategies ② Reported this request to the Board of Directors & Management Meeting and discussed. Reviewing goals for after FY 2030 Discussed at Board of Directors meeting. In October 2024, disclosed optimal capital ratio (60%) & methods to achieve it (increase in dividends & additional share buybacks).
	② Raising ROE targets (3 shareholders) • Aim for ROE of 10% or more (can be after FY 2030)		
Shareholder Returns Policy	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 method to achieve the above "optimal capital structure," the shareholder returns policy had been discussed by the Board of Directors. Taking into account cash flow & the diverse expectations of shareholders, a comprehensive review of the shareholder returns policy has been conducted in October 2024.	
Governance System	① Strengthening governance through the separation of monitoring and execution & increased execution speed (1 shareholder) ② Improving the effectiveness of the Nomination & Compensation Committees (3 shareholders) ③ Linking executive compensation with KPIs (3 shareholders) ④ Increase in Director ownership of company shares (1 shareholder)	Reported these requests to the Board of Directors & Management Meetings, and discussed • For ① & ②, initiated research on the optimal system • For ③ & ④, the Compensation Committee is considering implementing them in FY 2025	
Disclosure	New Business	Information to ensure the probability of sales targets related to the new business (3 shareholders)	Information related to the new business & 5 Projects disclosed in October 2024 (Including sales targets)
	Human Capital	① Analysis results & measures regarding Employee Satisfaction Survey (1 shareholder) ② Disclosure related to the relationship between Employee Satisfaction & Corporate Value Enhancement (1 shareholder)	① Disclosed them in "Integrated Report 2024" (Pages 51-52) ② Disclosed them in "Integrated Report 2024" (Pages 51-52)
	Internal Reporting	Information on Internal Reporting Performance (1 shareholder)	Disclosed them in "Integrated Report 2024" (Page 97)
Stock Compensation for Employees	Considering a mechanism where employees can become major shareholders in the medium to long term through the allocation of treasury shares held. (2 shareholders)	Discussed at the Board of Directors. Aimed at enhancing Human Capital & fostering employees' awareness of management participation, the decision was made in October 2024 to Restricted Stock Incentive for Employee Shareholding Association , with payment completed on 28 February 2025.	

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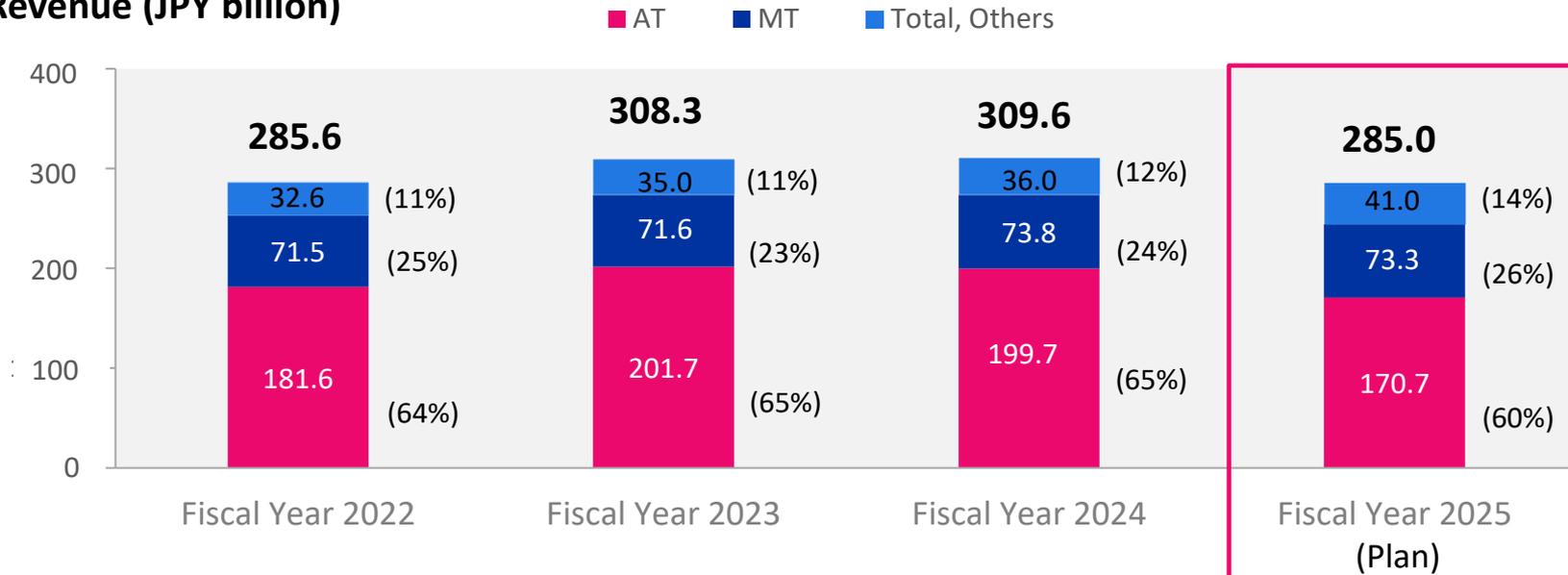
Appendix

Segment-wise income & expense transition

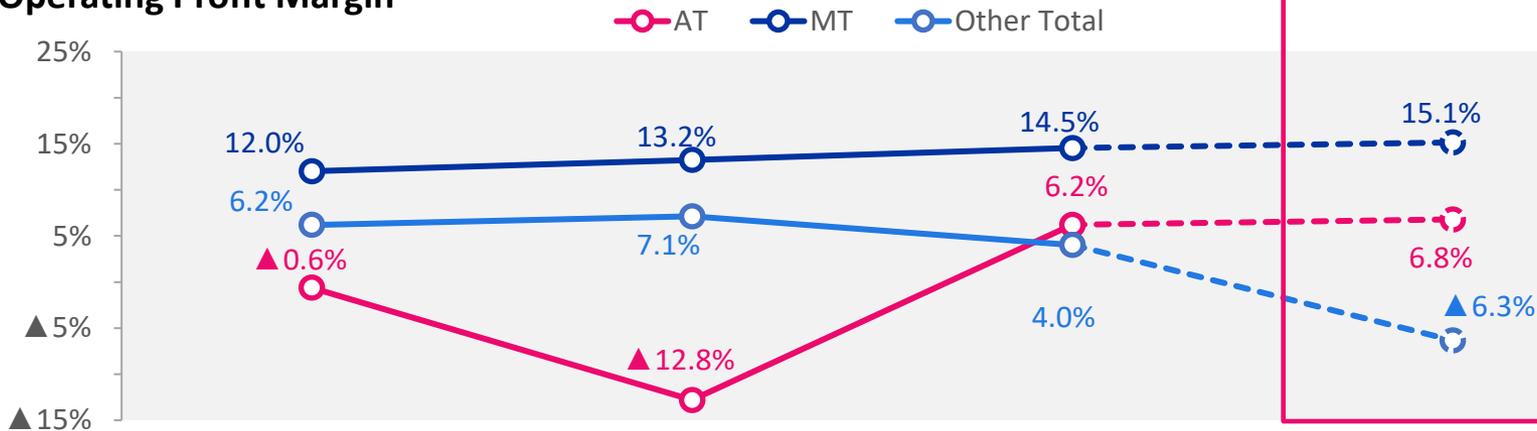
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• Revenue (JPY billion)



• Operating Profit Margin



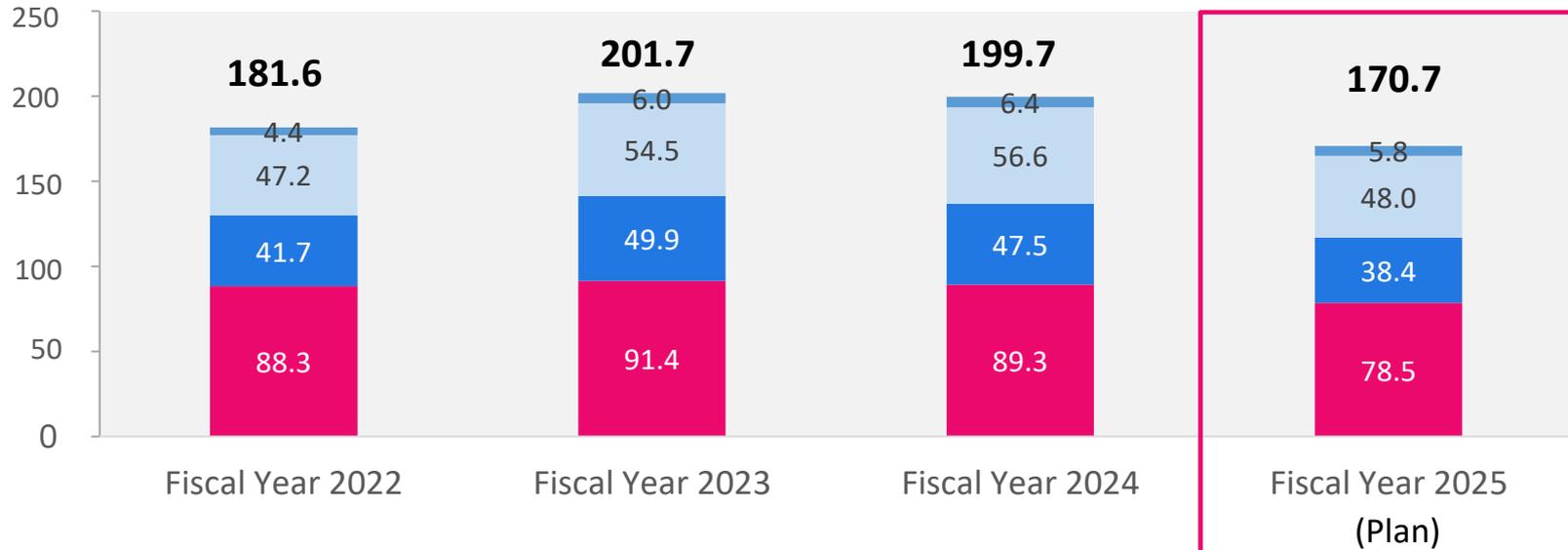
Trend of Revenue & Operating Profit Margin (AT)

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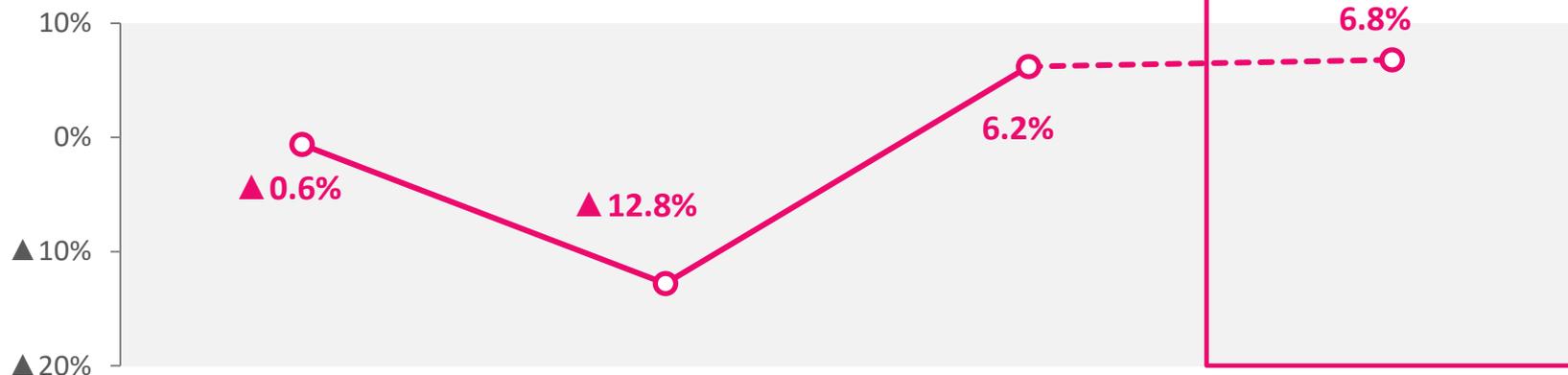
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• Revenue (JPY billion)

■ Japan ■ Americas ■ Asia ■ Europe



• Operating Profit Margin



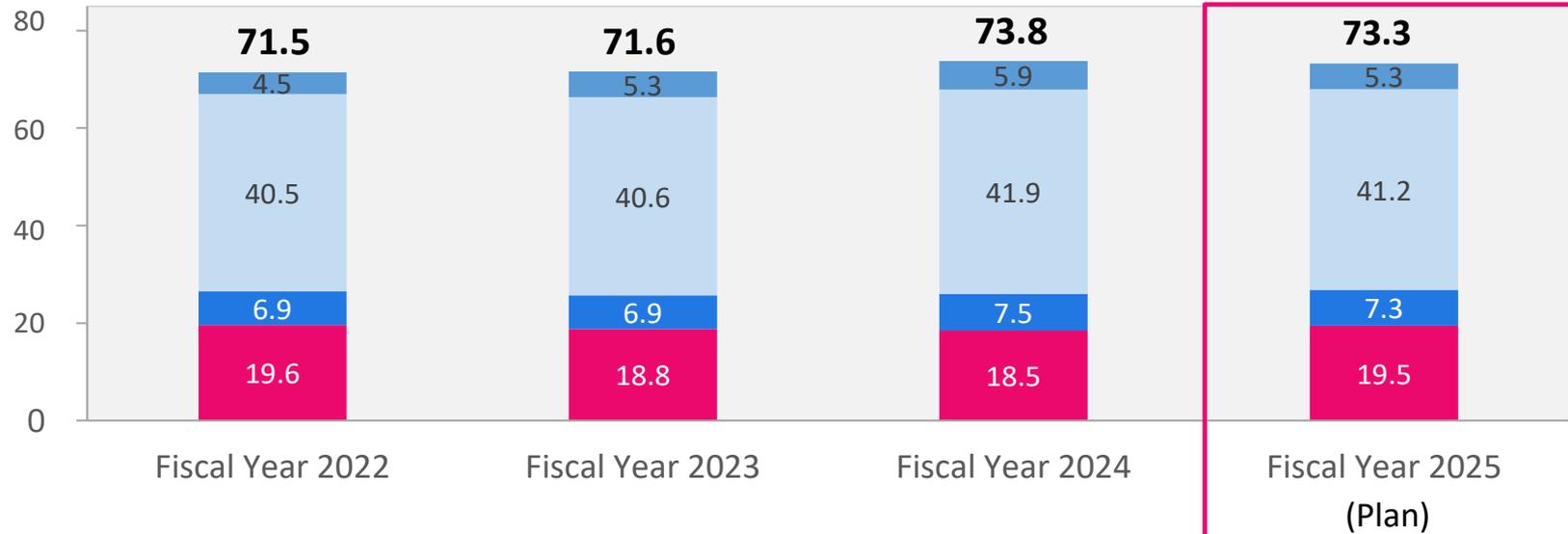
Revenue & Operating Profit Margin Trends (MT)

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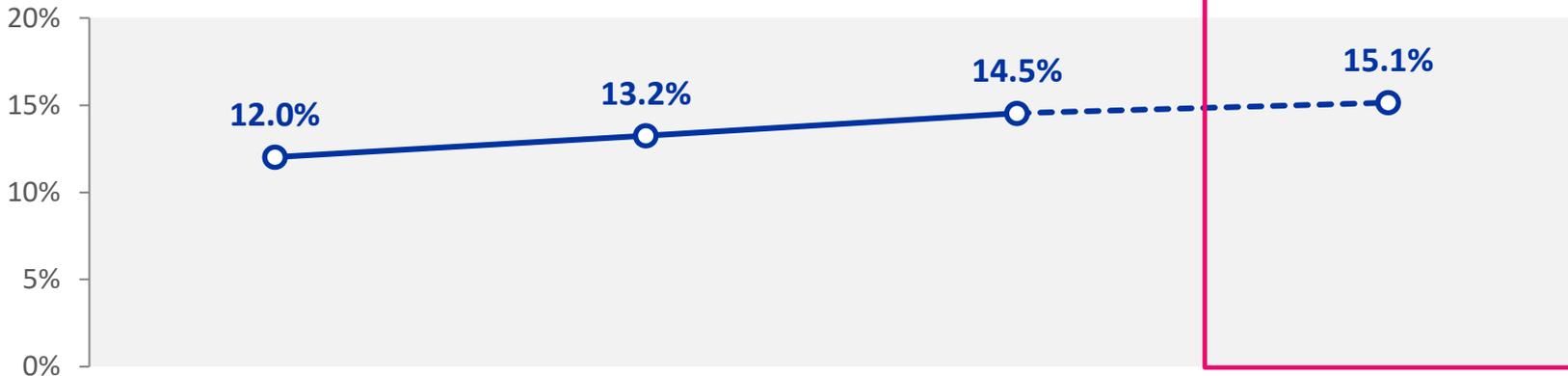
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• Revenue (JPY billion)

■ Japan ■ Americas ■ Asia ■ Europe



• Operating Profit Margin



Revenue & Operating Profit Trends (Other Total)

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• Revenue (JPY billion)

■ Japan ■ The Americas ■ Asia



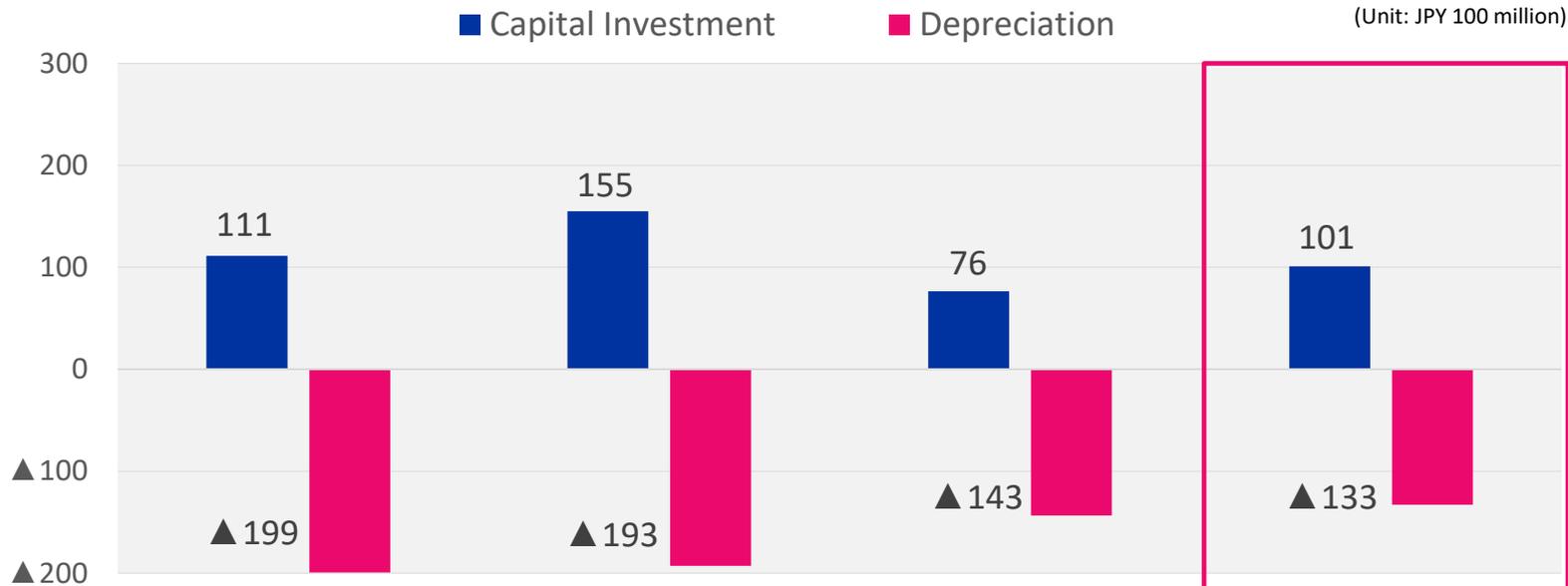
• Operating Profit Margin



Capital investment & depreciation transition

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	FY 2022		FY 2023		FY 2024		FY 2025 (Planned)	
	Investment	Depreciation	Investment	Depreciation	Investment	Depreciation	Investment	Depreciation
AT	59	147	78	141	36	92	46	85
MT	43	36	47	35	20	34	19	31
Others	9	17	31	16	22	18	36	17

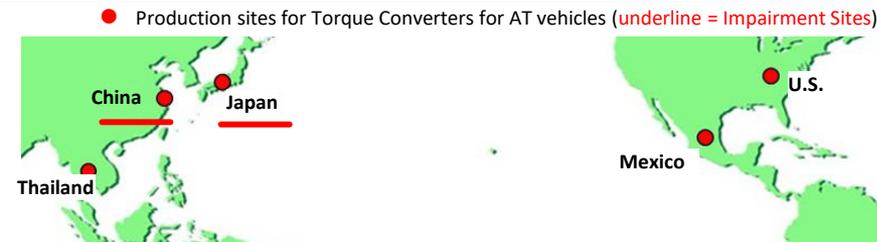
Supplementary Explanation Regarding Impairment of the AT Business in FY 2023

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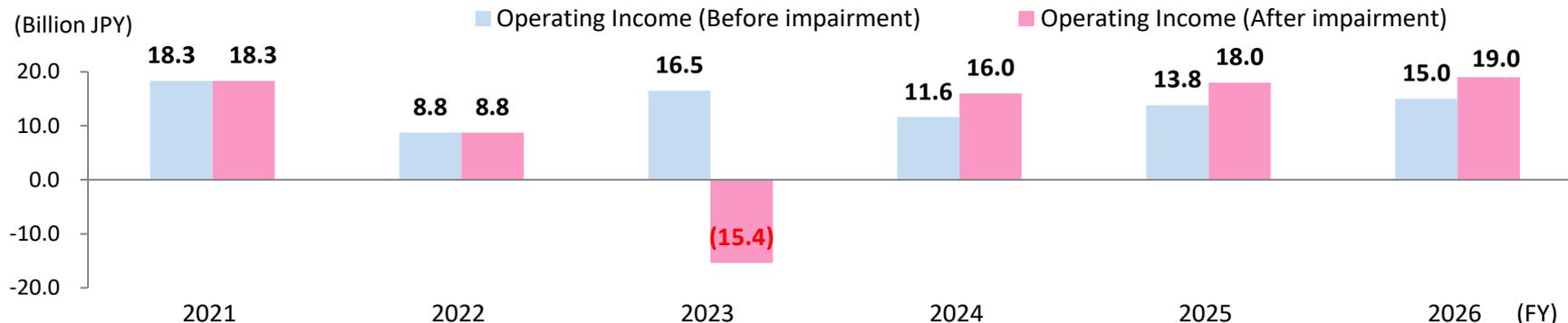
Main Impairment Details

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



Although the impairment indicator assessment (two consecutive fiscal years of losses) did not indicate impairment, it was clear that the Torque Converter business in Japan & China would 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

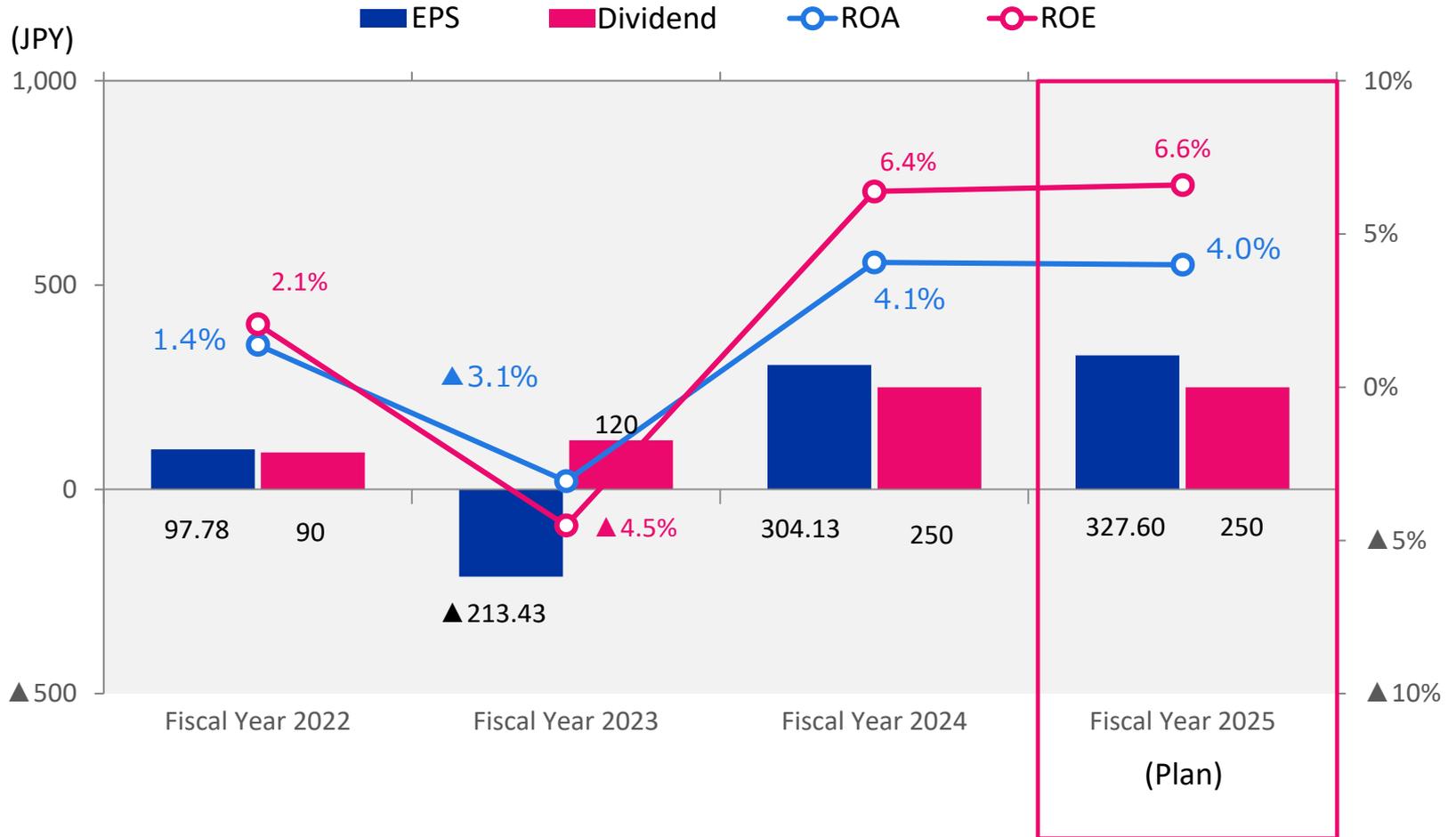


Due to this impairment, **the effect of reducing depreciation costs will be approximately JPY 4.3 billion per year in FY2024-2026.**

Indicator Transition

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Contact for inquiries regarding content

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ESG•IR Promotion Department 072-822-1695**

The statements regarding the future contained in this document are based on the information available at the time of preparation, and actual performance may differ due to changes in the business environment.