Medium-term Management Plan

May 19, 2026
CMK CORPORATION(Stock Code：6958)

Medium-term Management Plan Summary

Medium-term Management Plan Goals
(FY2026～FY2028)

Sales for the FY2028
120billion yen

Operating Income for the FY2028
7.5billion yen

Long-term Goals
(FY2030)

ROE
over9%

Shareholder Returns

DOE during the planning period
3%

Medium-term Management Plan Initiatives

Increasing top-line sales
Growth in the automotive sector and new markets

Improving cost competitiveness
Optimize Business Operations and Improving Productivity

Medium- to Long-Term Workforce Planning
Enhance Recruitment Systems to Reconciliate Expected Population Decline

Management Conscious of Cost of Capital and Stock Price

Shareholders and Investors
Revise the Shareholder Return Policy

Governance Reinforcement
Implement of an Audit and Supervisory Committee

Achieving an ROE of Over 9%
Initiate the Corporate Value improvement Committee

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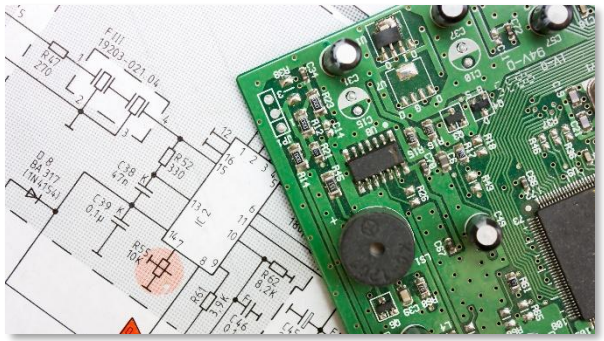
Company Description

CMK is a specialized Printed Circuit Board (hereinafter PCB) manufacturer with extensive expertise in automotive applications.

What Sets Us Apart #1: PCB Manufacturing



- PCB are essential components used in virtually all electrically powered products, including automobiles, electronic devices, home appliances, and computers.
- With 60 years of manufacturing experience, we have built extensive expertise in the production of PCB.

What Sets Us Apart #2: Expertise in the Automotive Sector

- With over 40 years of experience in automotive PCB, automotive-related sales account for 86% of our total revenue[1]
- For automotive applications requiring exceptionally high reliability, we have established a comprehensive support system centered on advanced analytical and evaluation facilities to meet stringent customer requirements.
- We hold the world's leading market share in automotive build-up PCB.

Company Name	CMK CORPORATION
Business contents	Development, production and marketing of various PCB and electronics devices for a consumer and industrial use arena
Foundation	February 1961
Capital	24,109million yen
Location	6-5-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo
Representative	Chairman Isao Osawa President Yoshiaki Ishizaka
Number of employees	CMK Group: 4,304 employees (as of March 31, 2026)
Main Production Sites	[Domestic] •Niigata Office •Sagamihara Office [Overseas] •Wuxi Factory •Dongguan Factory •Thailand Factory

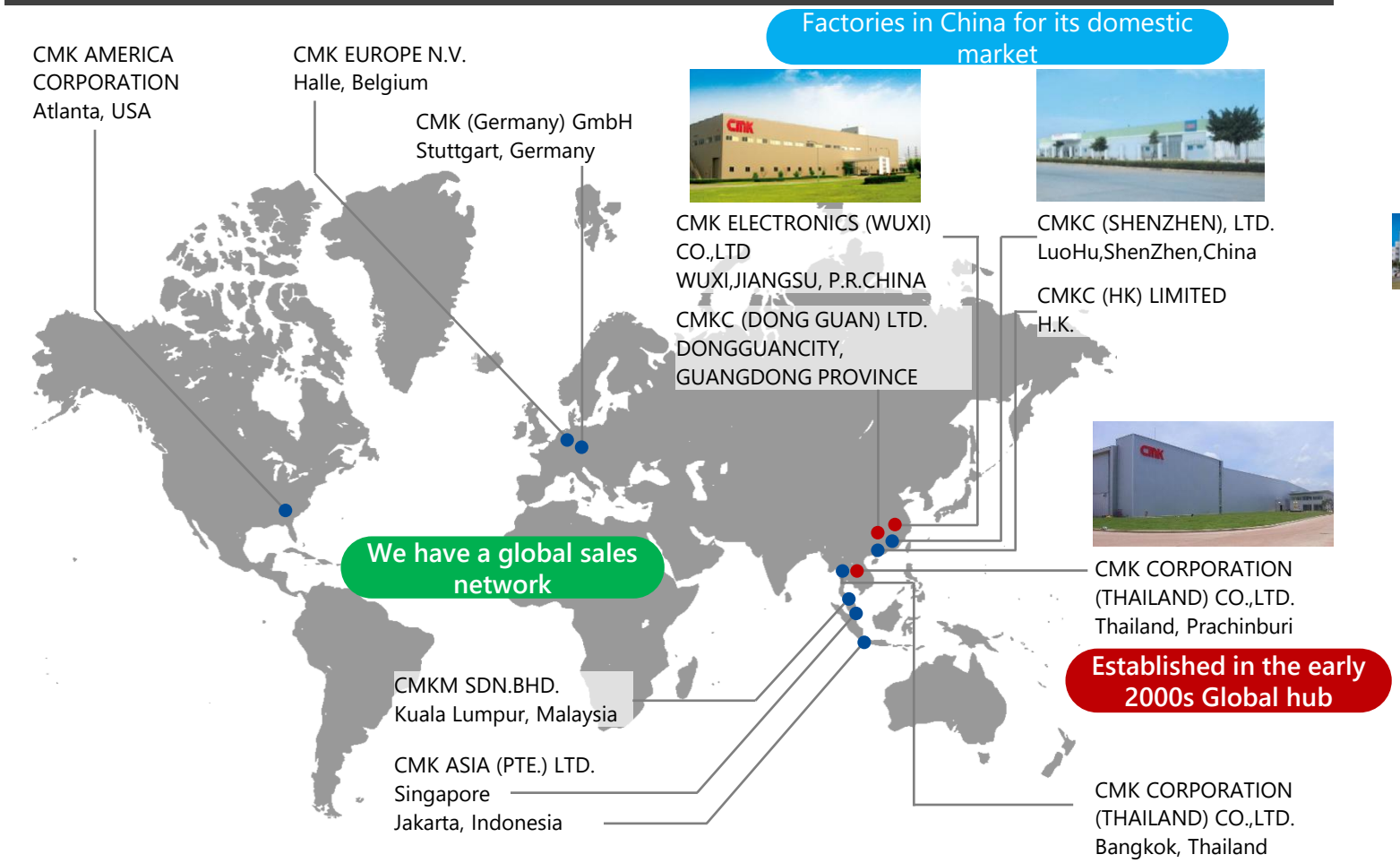
Note 1: As of March 26

List of Locations

Our sales network is expanding globally

Production factories are located in Japan, China, and Thailand, with each site serving a distinct strategic role.

Overseas Sales Offices and Business Locations



Domestic Sales Offices and Business Locations

A state-of-the-art manufacturing factory in Japan dedicated to high-value-added products and advanced technologies:

History and Future

Production of PCB began in 1963. Following the global financial crisis triggered by the Lehman Shock, revenue declined due to the contraction of domestic consumer electronics production; however, this downward trend has since stabilized.

We are now entering a new phase of growth, driven by the accelerating electrification of the automotive industry, which represents its core customer base.

FY2007

Business growth has been supported by increasing demand for home appliances and other electronic products.

2000
Entry into the China market

FY2004
Operating Income 104billion yen(All-time high)

2006
Entry into the Thai market

FY2015

Production capacity has been streamlined in response to the decline in consumer electronics demand.

2014
Merger of Domestic Affiliated Companies

FY2022

Production capacity has been reduced amid declining consumer electronics sales.

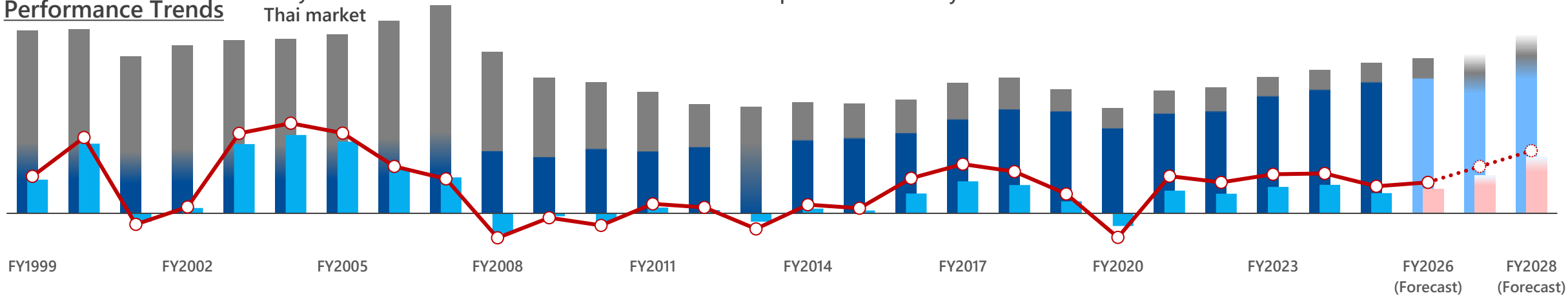
2017
Revenue from the automotive sector exceeded 60 billion yen

FY2023

Entering a new phase of expansion driven by growth in automotive sales.

2025
Establishment of a new factory in Thailand

Long-term Performance Trends

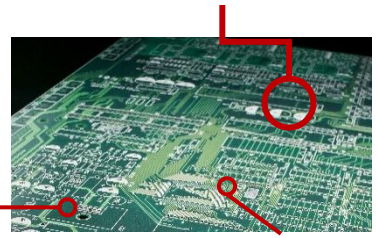


The Value Chain and Mechanism of PCB

As electronic components are increasingly integrated into a wider range of products, PCB have become essential to virtually all end-use applications.
By sourcing raw materials and providing a one-stop service from circuit design to assembly, our products and services are tailored to customer needs.

How PCB Work

Electronic components (e.g., capacitors) and IC packages are mounted onto PCB.



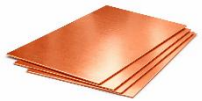
Circuit patterns on copper substrates Is fabricated through the application of conductive materials, including copper foil.

The areas outside the patterns are insulated using solder resist ink

These components are essential to electronic devices, serving to supply power to electronic components and transmit electrical signals between them.

Ingredients

(Excerpts from key materials)


Copper-clad laminate

Prepreg


Copper foil


Solder resist ink

Purchasing

The Manufacturing Process for Printed PCB and Our Scope of Services

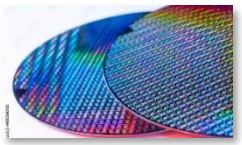
PCB Design Simulation	PCB Manufacturing	Component Mounting and Assembly
The design process can be visualized from the earliest stages through integrated simulations for component placement and routing on PCB, improving design quality and streamlining development.	A production system is designed to meet customer needs, including short lead times for prototype and mass-production PCBs based on design specifications, as well as ensuring reliability through 100% inspection	Install components on a PCB Handled by a partner company

Sell

Examples of end users


Automobile


Aerospace


Semiconductor-related


Medical devices


Industrial Equipment
Robotics


Communications

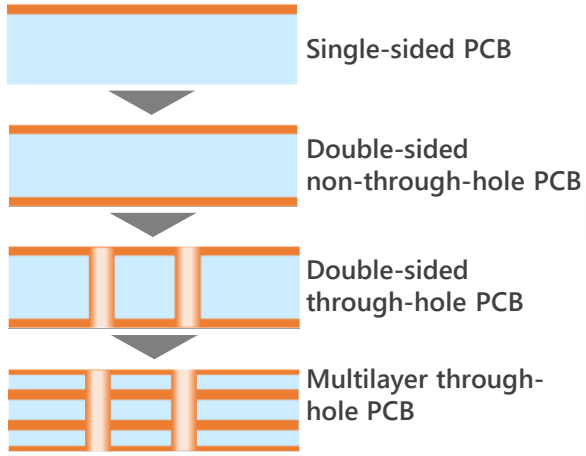
The Evolution and Objectives of PCB

PCB connect various electronic components, such as capacitors and ICs, mounted on a board to transmit electrical signals.

Driven by trends including device miniaturization and the increasing integration of electronic components, the industry is shifting toward high-value-added products characterized by multilayer structures, miniaturization, larger form factors, and enhanced performance.

The Evolution of PCB

Basic Circuit Board



Enables more complex component placement and pattern formation

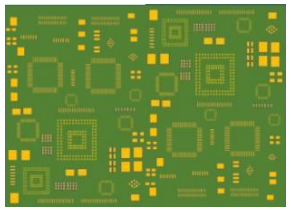
Adding High Value to PCB

Multi-layer HDI

HDIPCB
(Anylayer)

Enables three-dimensional wiring for highly complex component layouts and circuit configurations.

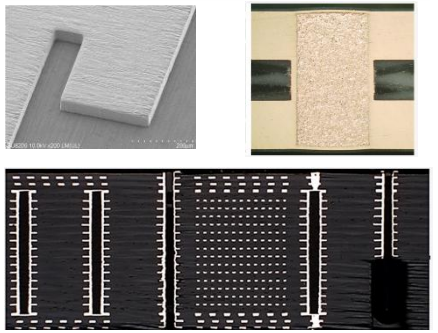
Downsizing and upsizing



Products for integrated ECUs are 4 to 5 times larger than conventional ECUs

Enables space savings and higher component density.

Improved Performance



Demands for high-frequency performance, high-speed data transmission, and advanced thermal management is increasing as technologies and products continue to evolve.

Growth driven by the trend toward smaller, more advanced electronic devices

Expected to address issues such as heat generation resulting from the increasing sophistication of electronic devices

Market Growth '30/'24	Double-sided PCB market CAGR 0.7%	Multilayer PCB Market CAGR 2.5%	HDI PCB Market (including demand for both smaller and larger sizes) CAGR 14%

High-frequency and high-speed transmission requirements CAGR7.2%

Heat dissipation requirements CAGR 7%

Source) Based on the "Fuji Chimera Comprehensive Survey of In-Vehicle Electrical Device Components 2026" and our own research

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Market Assumptions and Policies at the time of the Previous Mid-Term Management Plan

The mid- to long-term management plan aims to drive growth in the automotive sector by capturing CASE-related demand and strengthening the earnings base through expanded production capacity, supported by accelerating electrification and growing demand for the new factory in Thailand.

Policy for the Mid-Term Management Plan Review in November 2023

Market projections as of November 2023

1 Medium- to long-term demand from major customers remains strong

- Medium- to long-term demand is expected to rise significantly due to advances in electrification and the launch of specific products for autonomous driving

2 Inquiries from new customers

- Driven in part by efforts to mitigate geopolitical risks in the supply chain, demand for the new factory in Thailand ,which was under construction at the time, has increased, with a particular rise in inquiries from foreign customer

Business Policy as of November 2023

Automotive Growth Strategy

- Revenue growth driven by capturing CASE demand
- Increase in the proportion of foreign customers
- Shift toward high value-added products

Strengthening the Revenue Base

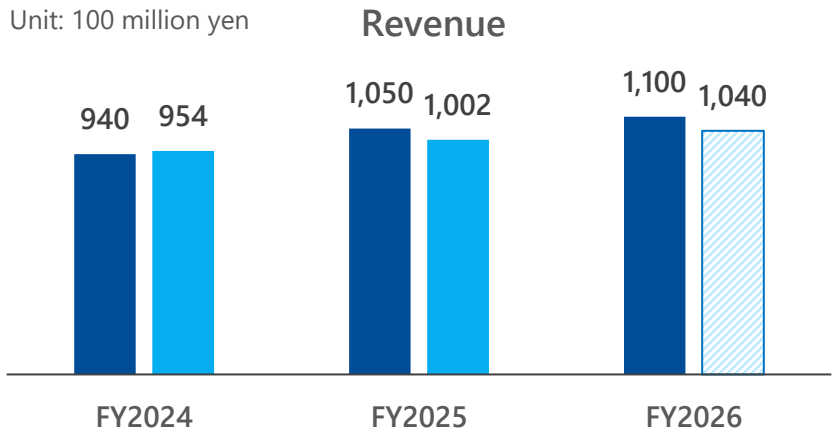
- Reduction of fixed costs through business restructuring
- Improvement of productivity through investment in larger formats and automation
- Establishment and expansion of new business areas

The company had set a goal of achieving higher-than-expected growth in the PCB market by focusing its investments on growth sectors

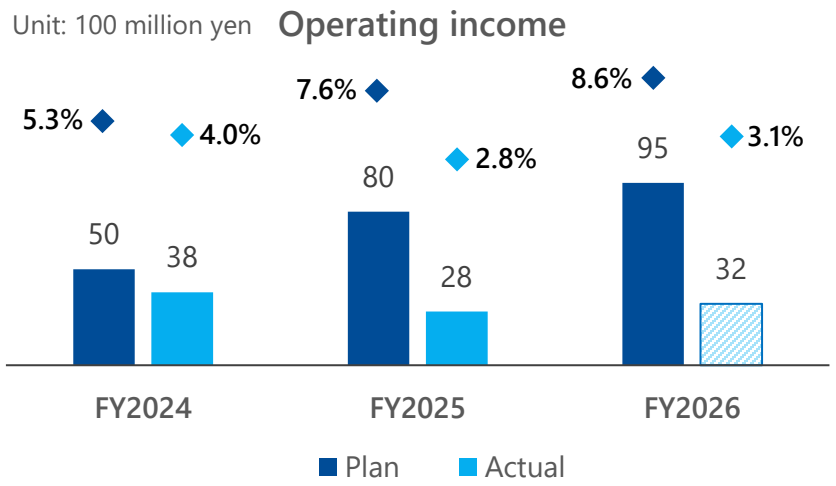
Review of the Previous Mid-Term Management Plan

Compared to the previous mid-term management plan (announced in November 2023), both revenue and operating profit are expected to fall short of the plan while revenue has grown.
The operating profit margin is also below the target.

Unit: 100 million yen



Unit: 100 million yen



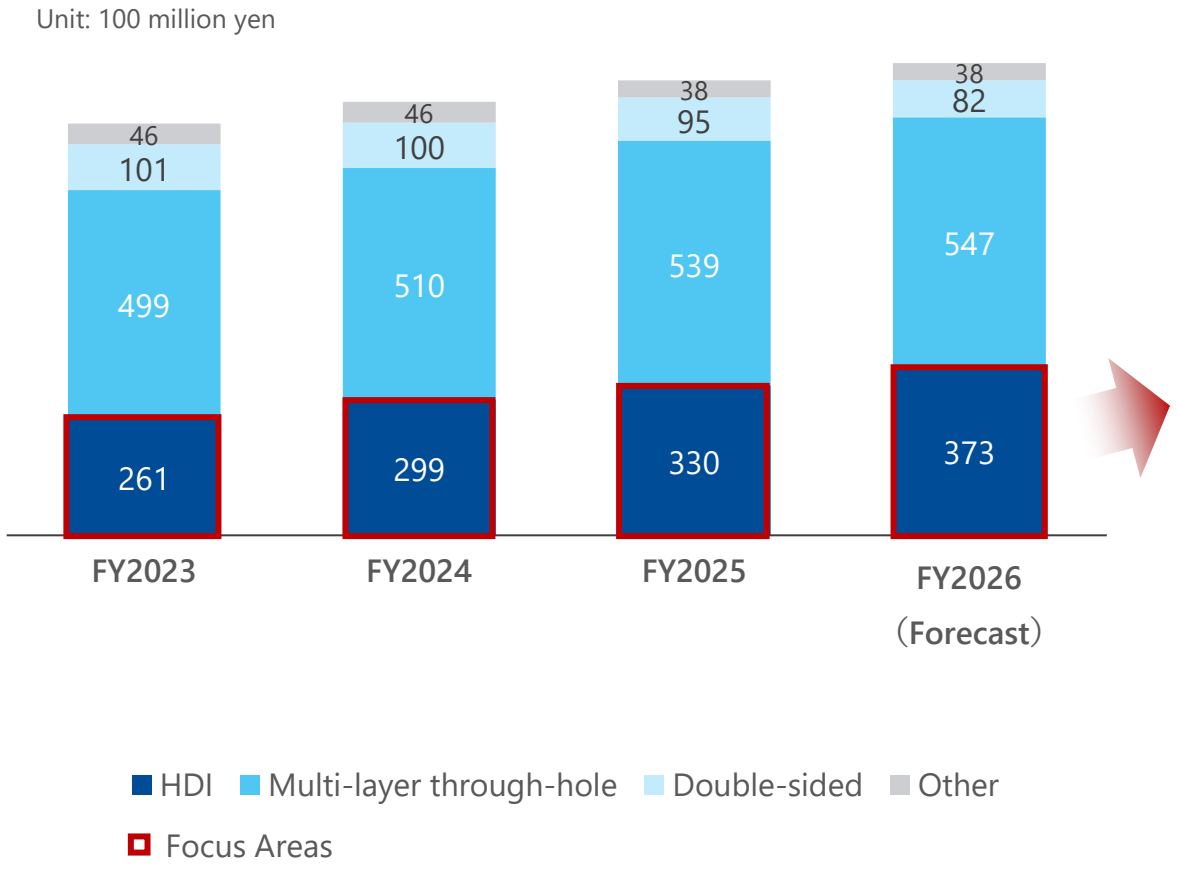
Market projections as of November 2023	Results	Details
Anticipated growth in customer demand for the new factory in Thailand, supported by increasing efforts to mitigate geopolitical risks in supply chains.	△	Although demand is growing, global competition is intensifying amid challenging market conditions and other external factors.
Strong medium- to long-term demand growth is expected for autonomous driving products alongside the continued progress of electrification.	×	The EV market is slowing down due to environmental regulations and trade policies

Market projections as of November 2023	Results	Detail
Shift toward high value-added products	○	Sales of high-value-added products such as HDI are growing
Improving Productivity Through Investment in Larger Formats and Automation	○	The Wuxi factory contributed to profitability by improving productivity through the adoption of larger-format production and automation
Revenue Growth Driven by Capturing CASE Demand	△	Although orders related to CASE increased, revenue fell short of the target due to market trends and other factors.
Reducing fixed costs through business restructuring	△	Due to insufficient sales growth and rising labor costs, progress is about half of what was planned
Establishing New Business Areas	△	Although progress is being made in securing prototype orders, this has not yet translated into significant sales
Expansion of the Thailand Factory	×	Although the new factory in Thailand began operations in November 2025, low order volumes meant that depreciation expenses impacted profits in the FY2026.Furthermore, while one-time issues caused by system problems are improving, challenges remain in improving productivity and yield rates.
Increase in the proportion of foreign clients	×	In addition to trends in Western markets and elsewhere, cost competition proved to be a major obstacle, resulting in performance that fell short of projections.

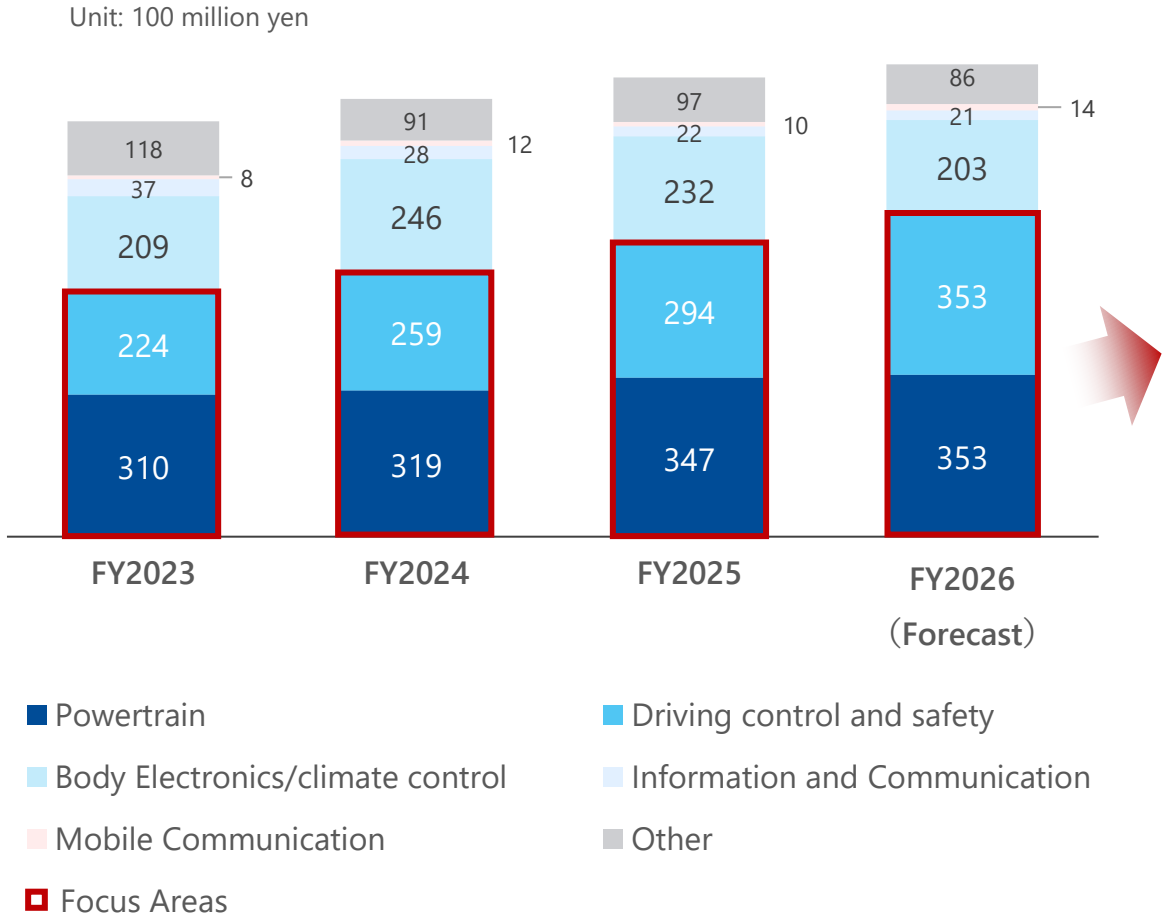
Current Status: Trends by PCB Type

Growth has also been achieved in HDI boards and multilayer through-hole boards, with increasing sales in the powertrain and driving safety segments of the automotive market.

Sales Trends by PCB Type



Sales Trends by Circuit Board Application



Identifying Challenges for the New Mid-Term Management Plan

While the market for automotive PCB, particularly HDI boards, is expected to expand, challenges remain in both the business environment and internal organizational structure, making their resolution essential for achieving medium- to long-term growth.

Our Market Opportunities

1. **Market Expansion Driven by CASE Advancements**
   - Automotive applications of PCB are projected to grow at a CAGR of 4.9% from 2025 to 2030
   - The automotive HDI market is projected to grow at a CAGR of 18.4% from 2025 to 2030
2. **Market Expansion Driven by Integrated ECUs and ADAS**
   - Growing demand for HDI driven by the expansion of integrated ECUs and ADAS
3. **Market Opportunities in New Fields**
   - The potential market for PCB is estimated at approximately 6 trillion yen significant opportunities beyond the 1.5 trillion yen automotive sector.

Challenges in the Business Environment

1. **Uncertainty regarding the outlook for automobile sales**
   - Uncertainty in the global automotive market stemming from risks related to energy policy, trade policy, and the situation in the Middle East
2. **The Medium- to Long-Term Competitive Environment for the Automotive Business**
   - While the market continues to expand, there is a risk of declining market share due to intensifying price competition and the increasing number of market participants.
3. **Expanding Market Share into New Business Areas**
   - Through the alignment of technology, market needs, and capital investment.

Issues Related to Organizational Structure

1. **Challenges in Improving Top-Line Growth**
   - Reinforcement of the R&D of core technologies aimed at capturing emerging markets such as factory automation, robotics, and semiconductors.
   - Enhancement of sales capabilities required for continued growth.
2. **Issues Related to Costs and Production Factors**
   - Formulation and management of production plans
   - Improving yield
   - Asset turnover ratios (e.g., work-in-progress and inventory)
   - Lead time, speed of collaboration between business units

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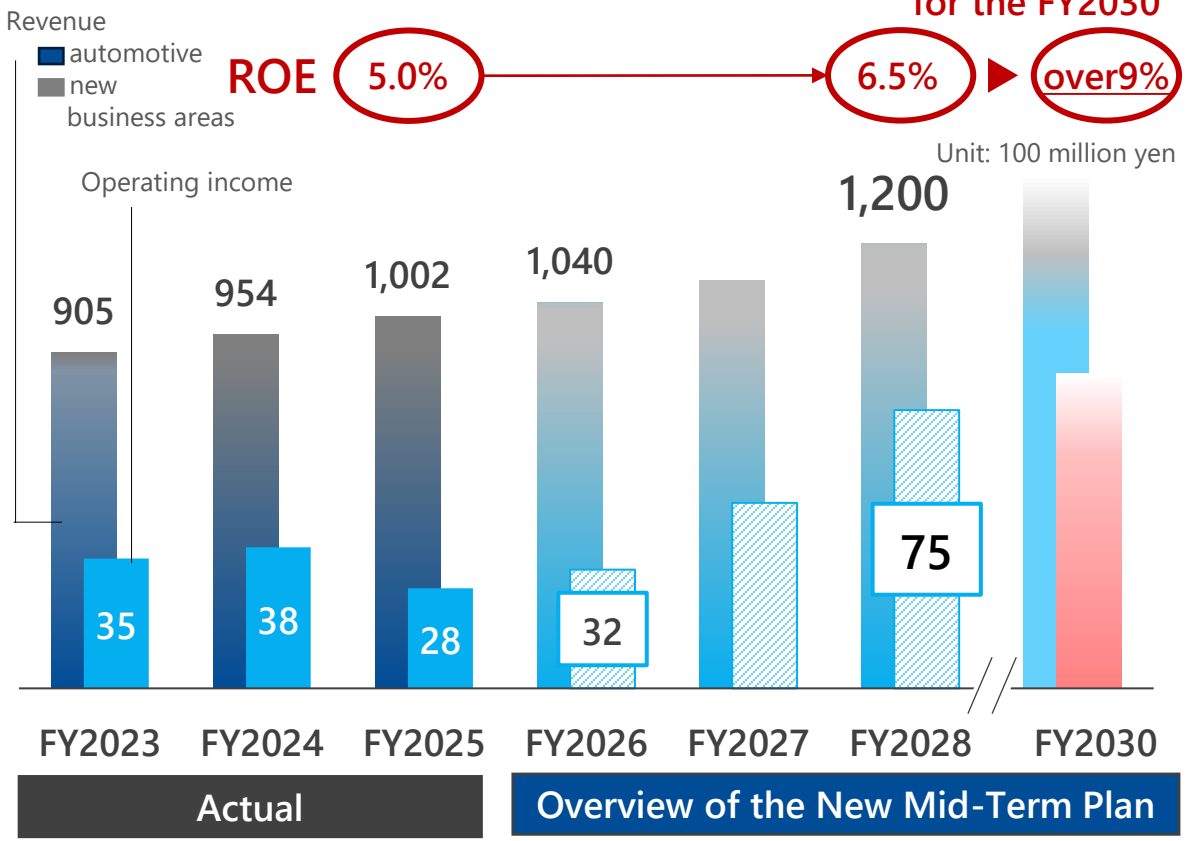
Summary of the Mid-Term Management Plan

Financial Performance and Outlook

Aiming to achieve an ROE of over 9% —exceeding the cost of capital— for the FY2030



Continued growth in the automotive market will be pursued alongside strengthened efforts to expand into new markets. In addition, profitability will be improved through enhanced competitiveness, cost reductions, and optimization of the workforce structure.

Key Business Strategies

Key Policies	Details
Increasing top-line sales	➢ Capitalizing on continued growth and demand in the Japanese domestic market ➢ Strengthening expansion into overseas automotive markets and new business areas by utilizing competitive advantages.
Improving cost competitiveness	➢ Pursue shorter lead times and improved asset turnover through appropriate production planning. ➢ Minimize defect- and yield-related losses.
Medium- to Long-Term Workforce Planning	➢ Develop a medium- to long-term workforce plan incorporating labor-saving initiatives and efficiency improvements amid a shrinking domestic labor force. ➢ Conduct strategic recruitment efforts to address labor shortages

Initiatives to Improve Corporate Value

Key Policies	Details
Shareholder Returns	➢ Set the DOE at 3% and aim for stable dividends and improved capital efficiency ➢ Establish a flexible budget for share buybacks
Dialogue with Shareholders and Investors	➢ Continuation of IR Activities and Feedback to the Board of Directors
Strengthening Governance	➢ Reviewing the composition of independent outside directors and transitioning to a company with an Audit and Supervisory Committee.

Management Initiatives

Sales expansion will be pursued by further strengthening our presence in the automotive market and entering new sectors, while enhancing cost competitiveness through inventory reduction and yield improvement. Recruitment will be positioned as a top-priority KPI alongside sales, with strategic workforce development aimed at supporting medium- to long-term growth.

Increasing top-line sales

- For the core business in Japanese automotive applications, orders will be secured by capturing opportunities in target areas such as powertrains and driving safety system.
- Expand business with overseas automotive customers through the alignment of technological capabilities and customer requirements.
- In new business areas outside the automotive sector, customer challenges are addressed in fields such as aerospace, semiconductors, medical devices, industrial robotics, and telecommunications through end-to-end support ranging from design and simulation to PCB manufacturing and assembly.

Improving cost competitiveness

- Reduce work-in-progress and finished goods inventory based on appropriate production plans to shorten lead times and improve asset turnover
- Strengthen cost competitiveness by reducing costs associated with defects through improved yield rates and repair efficiency during manufacturing

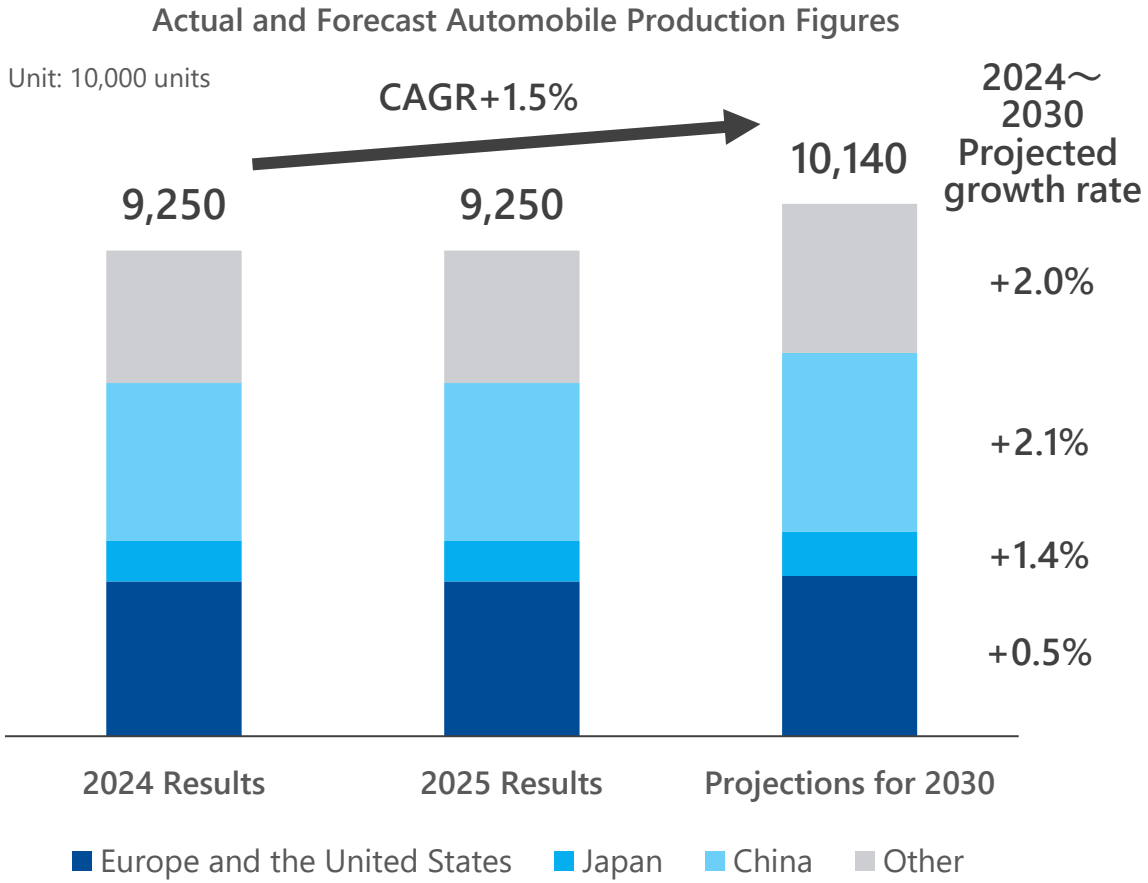
Medium- to Long-Term Workforce Planning

- In anticipation of the declining domestic labor force, medium- to long-term staffing plans have been formulated for both new graduate and mid-career hiring.
- Treat recruitment targets as key performance indicators (KPIs) on par with sales targets, and utilize a KPI tree to improve the success rate of recruitment activities.

Market Environment for PCB for Automotive Applications

The production of PCBs for automotive applications is growing at a faster pace than automobile production, while HDI boards sales are expanding at an even higher rate.

Our automotive business, having established strong market trust, is steadily expanding its portfolio of high-value-added HDI boards and contributing to earnings growth.



Increase in Use of PCB Due to Advances in CASE

Annual growth rate (2024–2030)

Automobile Production Volume (units)	For automotive applications quantity of PCB (㎡)	For automotive applications Number of build-up boards (㎡)
1.5%	4.9%	18.4%

- As vehicles incorporate an increasingly wide range of features, particularly autonomous driving and ADAS functions, the market for automotive PCBs is expected to grow at a faster rate than overall vehicle production.
- In particular, the use of build-up wiring boards has increased significantly due to the growing complexity of wiring requirements.

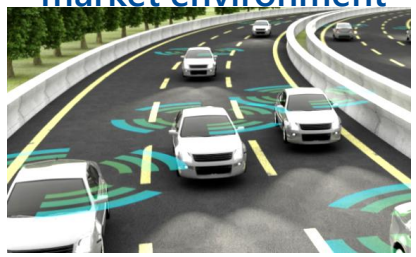
Source) Based on the "Fuji Chimera Comprehensive Survey of In-Vehicle Electrical Device Components 2026" and our own research

Initiatives Related to PCB for Automotive Applications

The growth scenario of PCB for automotive application suggests the need for architectural changes, drives growth through the expansion of integrated ECUs and ADAS, which will be the pillars for generating top-line revenue.

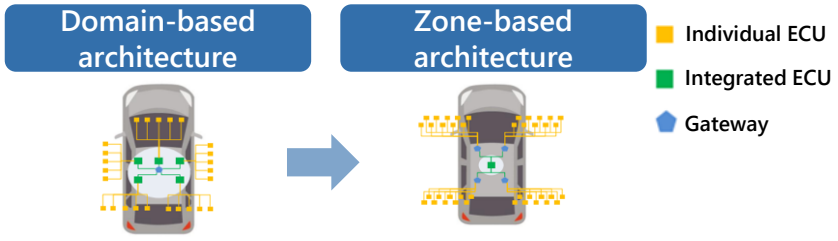
Market Trends: Increasing Use of High-Performance Semiconductors in Vehicles ➡ "Growing Demand for Build-Up Boards"

Changes in the market environment



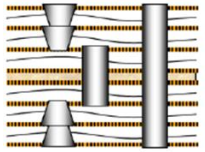
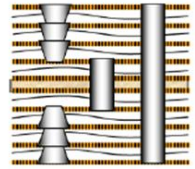
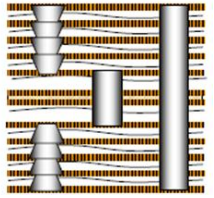
- Advances in Autonomous Driving Technology
- Improved Safety and Recognition Accuracy

Illustration of Changes in Vehicle Architecture



The use of "integrated ECUs," which combine the functions of individual ECUs, is increasing; architectural changes resulted in larger HDIs with numbers of layers

Types of Build-Up and Their Applications

	2-layer Build-Up	3-layer Build-Up	4-layer Build-Up
Diagram of Layer Structure	8th layer, 2-4-2	10th layer, 3-4-3	12th layer, Unit 4-4-4
			
Uses	For ADAS	Integrated ECU	

ADAS and Integrated ECU Board Trends

Quality Requirements	Ensuring Component Reliability
Technical Requirements	High-density

Demand Trends for PCB and Our Competitive Advantages Align "Build-up Products Drive Revenue"

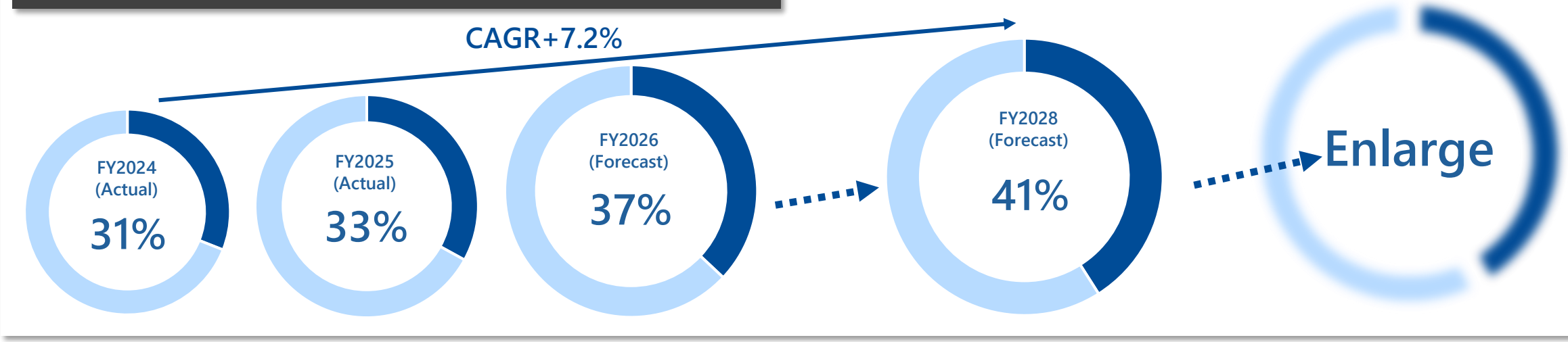
CMK's Strengths

- Extensive track record in automotive applications
- Build-up Technology / Multi-layer Technology

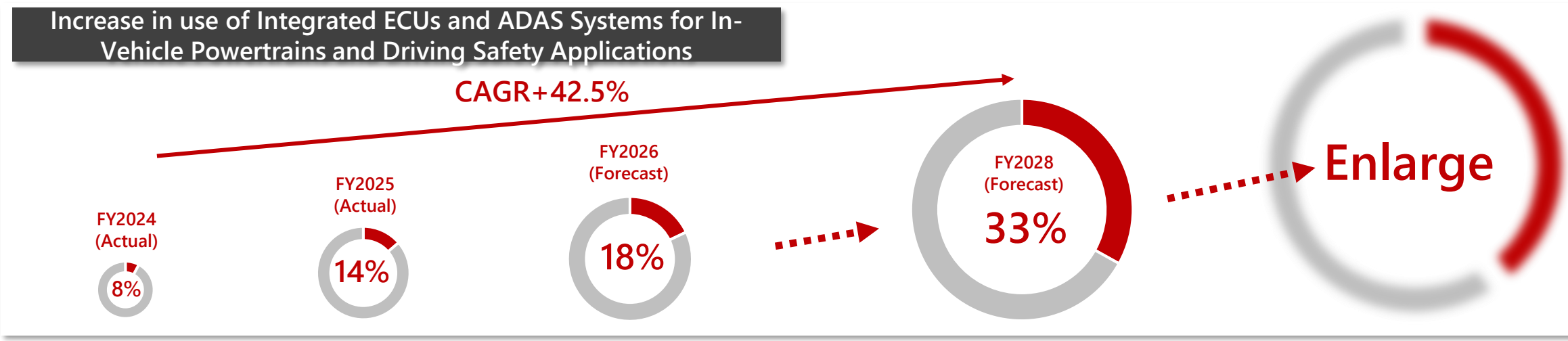
Trends in HDI Growth

The production of HDI boards is expected to increase alongside advancements in automotive technology. HDI boards are widely used in ADAS and integrated ECUs and is expected to contribute to revenue growth.

Sales Breakdown by HDI and Other Circuit Boards



Increase in use of Integrated ECUs and ADAS Systems for In-Vehicle Powertrains and Driving Safety Applications

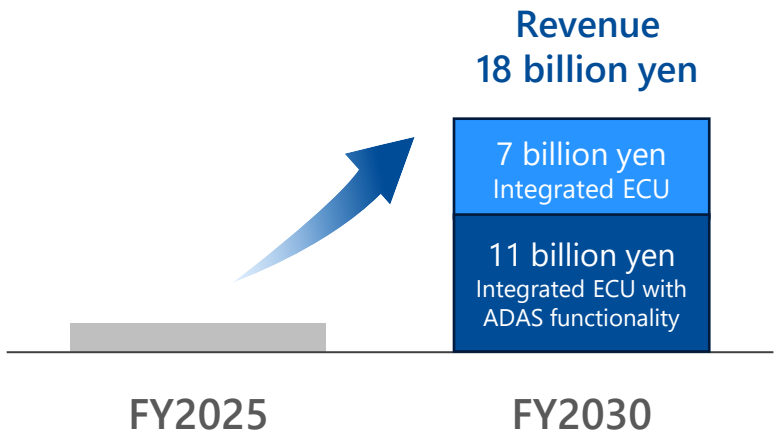


Increase in use of Integrated ECUs and ADAS Systems for In-Vehicle Powertrains and Driving Safety Applications

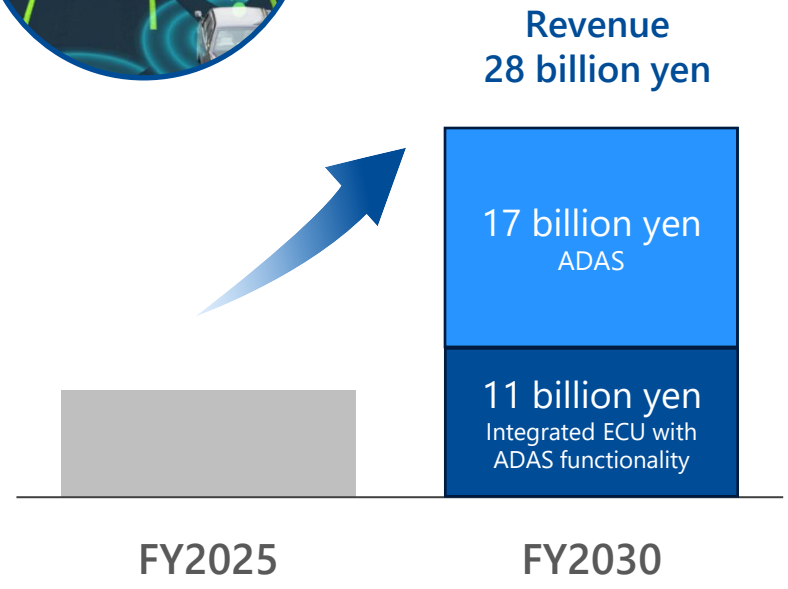
Automotive HDI applications span a wide range of areas, including integrated ECUs, ADAS, engines, brakes, and infotainment systems; high-value-added HDI products for the integrated ECU and ADAS markets are expected to serve as the primary drivers of future sales growth.

Latest Demand Forecasts for Integrated ECUs and ADAS

Projected Integrated ECU



ADAS Demand Forecast



Market Environment for PCB in New Business Areas

In addition to the automotive market, which currently represents the primary target sector, the PCB industry offers significant opportunities across a broader market. New customer acquisition is expected to support expansion into an additional market valued at approximately 4.5 trillion yen.

TAM for PCB (Total Addressable Market) 6 trillion yen

Automotive market

Our currentmain target market

1.54 trillion yen

Communications and Infrastructure

4.06 trillion yen

FA & Robotics

2,000 billion yen

Semiconductor-related

1,400 billion yen

Aerospace and Defense

510 billion yen

Medical devices

490 billion yen

引用)『Future Market Insight, WIE GUY REPORTS, Data Research Insights Hub, Future Business Insights, Mordor Intelligence』

Examples of current new customer acquisition initiatives.

For semiconductor-related manufacturers

- Mass-production development of PCBs for the semiconductor industry
- Development of high-speed transmission simulation

For Industrial Equipment Manufacturers

- Development of FA Communication Circuit Boards

For AI Development Companies

- Development of products for robotics

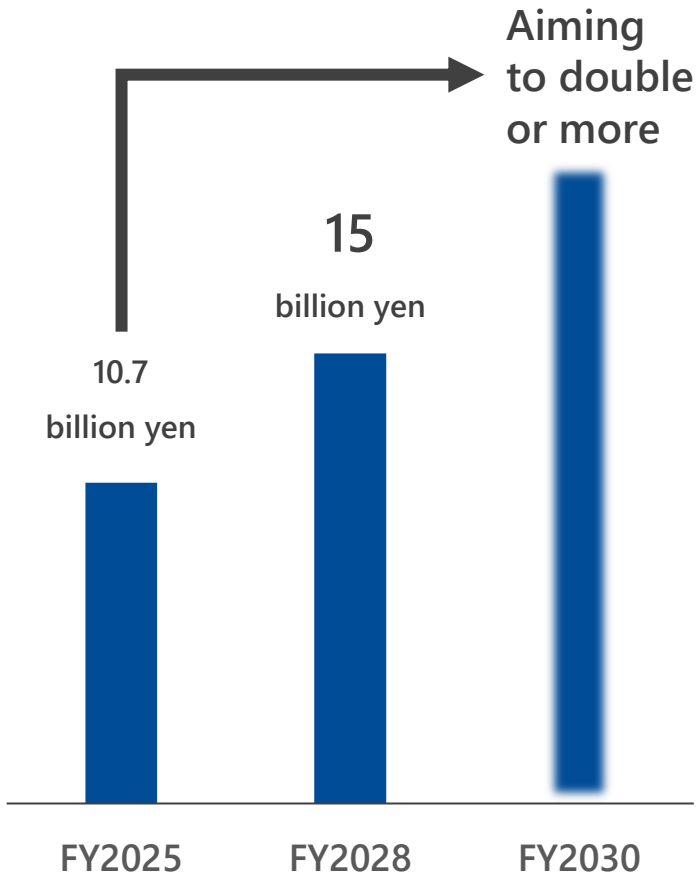
For Aerospace Manufacturers

- Development of High-Precision Communication Boards

Initiatives in the New Business Areas of PCB

AI adoption trends continue to evolve rapidly. In response to these market changes, efforts are focused on identifying customer needs and expanding sales opportunities. Particular emphasis is being placed on industrial equipment and robotics as strategic areas for expanding new customer acquisition and advancing toward the target of 20 billion yen in new business.

Sales Targets for New Business Areas



Strategy for Expanding into New Business Areas

Making Sagamihara the hub for component development

Leveraging our strength in high reliability to address areas with strong customer demand

Front-end processes for PCB

Simulation | Design | Imple mentation

High-performance circuit board

Multi-stage HDI | Fine | High-rise | Thick copper

Next-Generation Technology Needs

High speed transmission | High heat dissipation | High frequency | High current

Rolling out the developed technology to mass-production plants

Thailand

Wuxi

Niigata

Exploring New Business Areas

- FA & Robotics
- Semiconductor-related
- Medical devices
- Aerospace and Defense
- Communications and Infrastructure

Initiatives in the New Business Areas of PCB

In sectors with high growth potential, commercialization efforts are steadily progressing from development and prototyping to order placement and mass production. Securing mass production projects is driving sales expansion in new markets.

A Market with Growth Potential	Our Business Expansion
 Industrial Equipment & AI Robotics	To meet customer specifications, technologies such as high-aspect-ratio TH are being further refined. Production has commenced not only for industrial robots but also for humanoid robots, with production for agricultural machinery scheduled to begin in 2027.
 Aviation and Aerospace	Further Expansion of JAXA Certification Achieved production of circuit boards for rocket and satellite flight models is being gradually expanded.
 Semiconductor-related	Following the successful completion of a contract for inspection equipment, high-speed transmission simulations and other evaluations have already been conducted. Inquiries have also been received regarding semiconductor inspection fixtures, and technical development is currently underway to secure future orders.
 Healthcare	ISO 13485 certification for medical devices achieved this financial year, with mass production expected to begin in the next fiscal year.
 Communications	Contracts are beginning to be secured for projects such as satellite communication modules and optical transceivers for AI applications. Work is currently underway to meet requirements for higher aspect ratios and finer feature processing.
 Electricity and Infrastructure	Interest has been shown in high-current and high-voltage products. Prototypes, including thick-copper PCBs and thermal PCBs, have been delivered to prospective customers for evaluation.
Other	An order has been secured for a new product for the amusement industry, with production scheduled to begin in 2027. In addition, inquiries have been received regarding prototypes for AI servers.

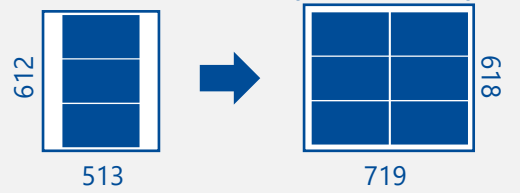
Improving Profitability

Early investments in larger-format production, automation, and intelligent systems at the factories in China have pioneered globalization initiatives and have grown into key pillars of the revenue base. The successful operational model established in China will be further expanded and implemented at the Thailand factory, which serves as the global manufacturing hub.

Benefits of Investing in Chinese Factories

Increased size

- Effect of larger format



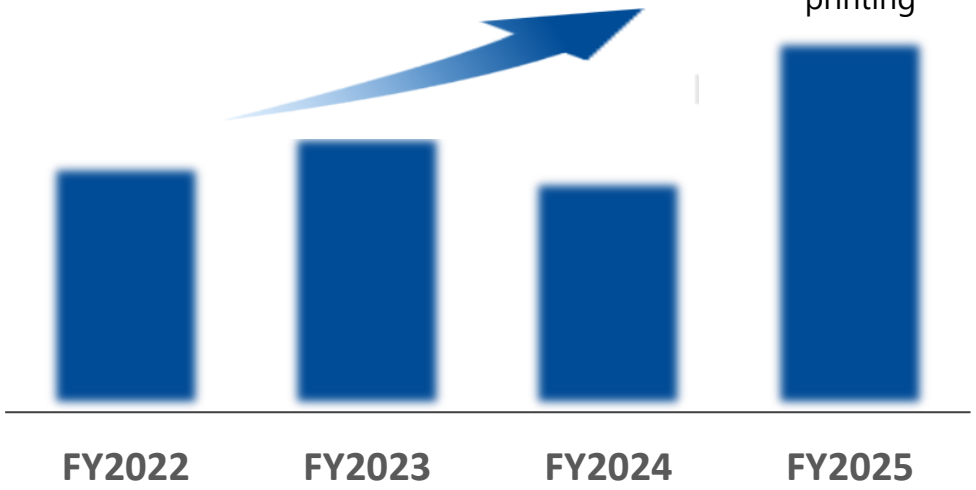
Automation

Intelligentization

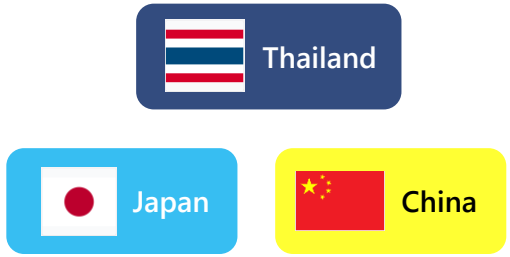
- Paperless
- Real-time capability
- Accuracy
- Improved efficiency

※PDA : Personal Digital Assistant

Horizontal comparison of revenue trends in the China segment



Japan-China-Thailand Joint Framework



- Get the site up and running immediately
- Centralized Multilingual Management
- Strengthening Education and Ensuring Lasting Improvements
- Enhancing Engineering Capabilities
- Optimal Planning Using AI

Key Areas for Growth Investment

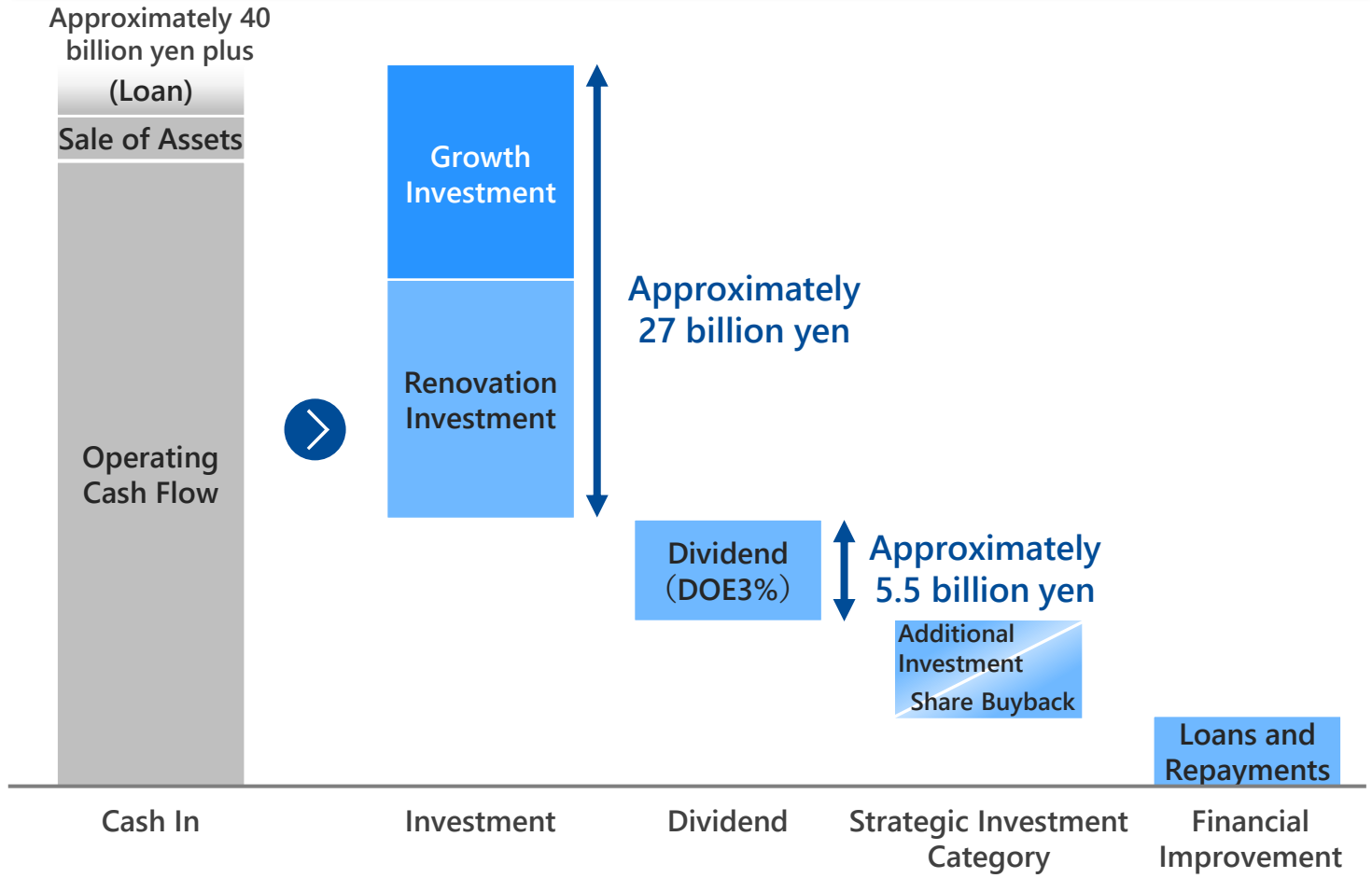
With a focus on growth areas such as CASE and generative AI, targeted investments are being made in next-generation in-vehicle systems and technology development. Through proactive production and strategic resource allocation, efforts are directed toward increasing profitability and improving capital efficiency.

	Investment	Description
Growth Investment	Approximately 15 billion yen	<u>Technical Themes</u> • Development of PCB technologies for high-speed transmission, high-frequency, high-current, and high-heat-dissipation applications driven by the rise of generative AI • Improving processing technologies—such as high-precision drilling, copper plating for high aspect ratios, and fine-line circuits—through the introduction of advanced equipment <u>Development Infrastructure</u> • Investment in lab lines for mid- to long-term R&D of core technologies • Capital investment in mass production facilities for new products • Investment in design simulation and assembly
Renovation Investment	Approximately 12 billion yen	<u>Mass Production Infrastructure</u> • Investment in advanced mass production equipment, including automation and large format systems, to reduce costs.

Financial Strategy

Once the new mid-term management plan is executed, growth investments aimed at securing medium- to long-term competitive advantages will be accelerated alongside enhanced shareholder returns. A DOE of 3% has been adopted, and stable dividend policy will be implemented. Flexible share buybacks are also under consideration to achieve the targeted ROE.

Capital Allocation for FY2026–FY2028



Dividend

- A DOE of 3% has been adopted as a new shareholder return metric, with the aim of ensuring stable dividends and appropriately managing shareholders' equity to improve ROE.

Strategic Investment Category

- Flexibly allocate funds between share buybacks and additional investments based on funding needs

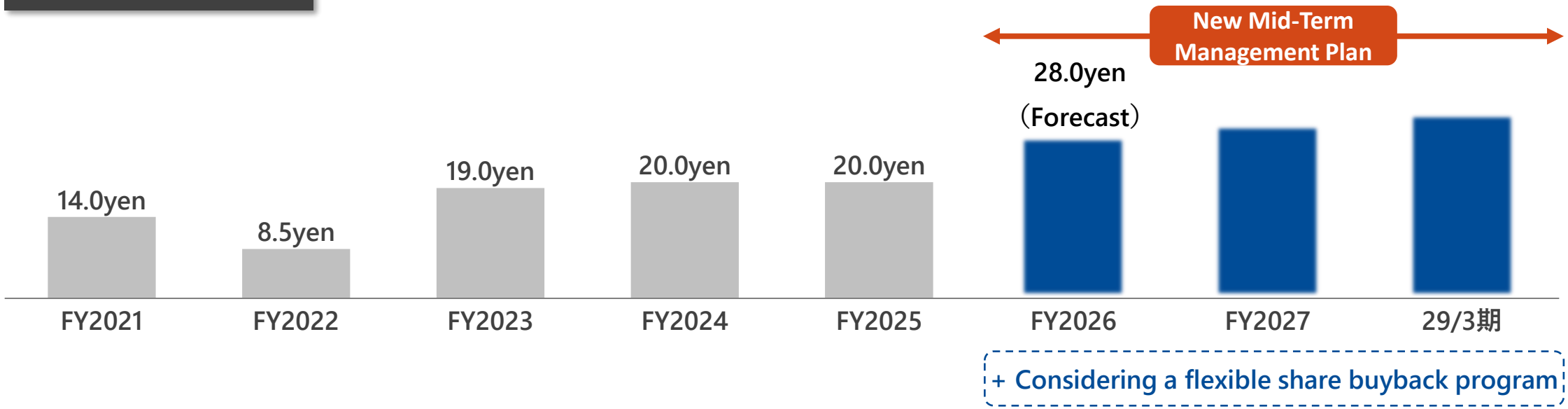
Financial Improvement

- Using free cash flow to implement financial improvements, such as repaying debt

Shareholder Returns

A 3% DOE has been adopted as a new shareholder return metric to improve dividend predictability and optimize shareholder equity. In addition, flexible share buybacks are under consideration.

Dividend per share



Issues with Dividends to Date

- Stable dividends are targeted, with a consolidated dividend payout ratio of approximately 30% as the benchmark.
- It is recognized that fluctuations in dividend amounts linked to earnings reduce dividend predictability and contribute to a higher cost of equity.

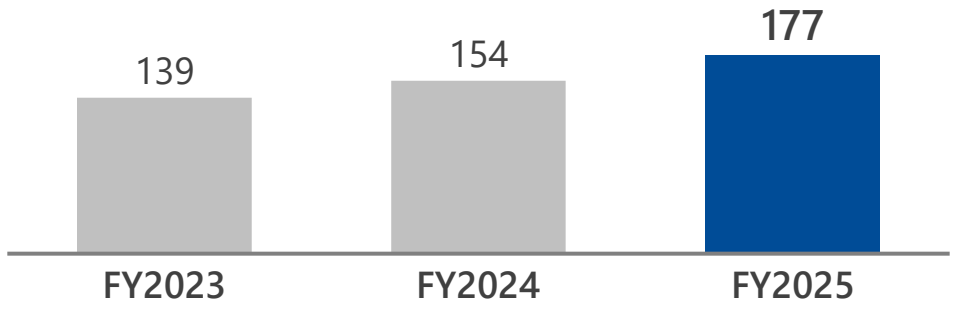
New Shareholder Return Policy

- By adopting a 3% DOE and linking dividends to shareholders' equity, stable dividends can be maintained while appropriately managing shareholders' equity to achieve an ROE exceeding 9%.
- In addition, flexible share buybacks are under consideration.

Management Conscious of Cost of Capital and Stock Price: Discussion with Shareholders and Investors

During FY2025, 177 one-on-one meetings were held with institutional investors. Feedback from these discussions is provided to the Board of Directors in a timely manner and incorporated into initiatives aimed at enhancing corporate value.

Number of one-on-one meetings held with institutional investors



Main Topics of Discussion

- Production Structure at the Thai Factory
- Growth Areas in the Automotive Sector
- Initiatives in New business areas
- Impact of Exchange Rates and Tariffs
- Initiatives to Improve the PBR
- Shareholder Return Policy

Our Response

Revision of the Shareholder Return Policy

- To address concerns regarding future dividend reductions and support stable dividends, DOE has been adopted as a new shareholder return metric.
- In addition, share buybacks are under consideration to improve capital efficiency.

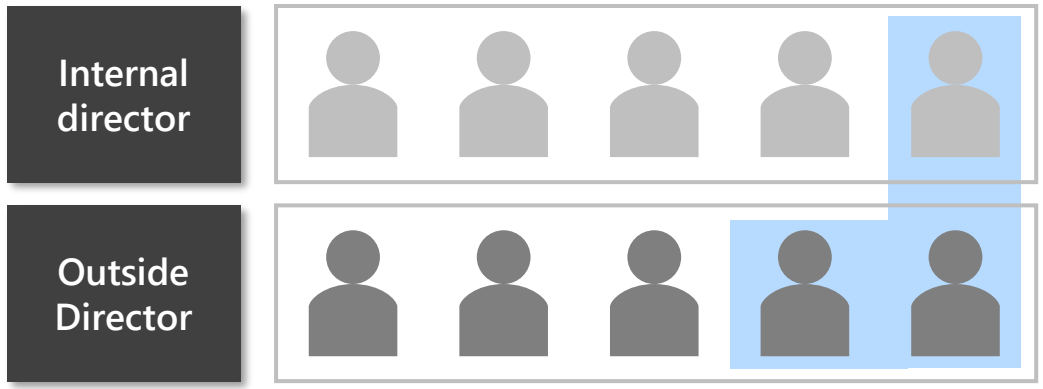
Establishment of the Corporate Value improvement Committee

- To establish a more concrete and robust roadmap for achieving the mid-term management plan, the Corporate Value Improvement Committee has been established.
- Based on feedbacks from shareholders and investors, working groups (WGs) have also been formed for each key issue related to the enhancement of corporate value.

Management Conscious of Cost of Capital and Stock Price: Governance Reinforcement

By adopting an Audit and Supervisory Committee starting this fiscal year, the oversight functions of the Board of Directors will be reinforced, and management agility will be improved. Efforts will also continue to improve corporate culture, incorporate capital market perspectives into management, strengthen internal controls, and review the executive compensation system.

Composition of the Board of Directors



Percentage of Independent Outside Directors

33.3% ▶ 50%

Governance Structure

- To date, efforts have been made to strengthen the governance framework by 1) ensuring that more than half of the Board of Directors consists of independent outside directors and 2) by establishing a Nomination and Compensation Committee chaired by an outside director.
- A decision has recently been made to adopt an Audit and Supervisory Committee (scheduled for June 2026). The proportion of independent outside directors is expected to reach 50%, which is intended to reinforce oversight functions and improve management speed
- Initiatives are planned to further incorporate capital market perspectives into management, including regular training sessions for the Board of Directors.

Director Compensation

- The compensation for directors is designed to serve as an incentive to drive the sustained improvement of corporate value, and incorporates equity-based compensation to align directors' interests with those of shareholders in terms of profits and risks.
- The Nomination and Compensation Committee will continue to review the medium- to long-term performance-based compensation and the overall compensation system, including equity-based compensation.

Note: The composition of the Board of Directors is based on the assumption that each director is elected at the general meeting in June 2026.

Initiatives to Achieve the Mid-Term Management Plan

Based on challenges identified through operational-level discussions, the Corporate Value Improvement Committee has been established to develop a more concrete and robust roadmap for achieving the mid-term management plan. Four working groups have also been launched to carry out initiatives aimed at enhancing corporate value.

Our Initiatives to Date

Operational-level task forces established to identify and resolve organizational issues.

- Revenue Growth
- Profit Growth
- Cost Reduction
- Human Resources Policy
- Capital Policy
- IR Features
- DX Promotion
- Process Design
- Sales Strengthening
- …

Corporate Value improvement Committee

Board of Directors
5 internal members, 5 external members
(scheduled for June 2026)

Corporate Value Improvement Committee
Internal Directors + Outside Directors

Management Meeting

Growth Strategy WG

- Implement growth strategies for both in-vehicle and non-in-vehicle sectors
- Establish and disclose KPIs that allow shareholders and investors to track progress

Value Added WG

- Improve productivity at production sites, with a focus on the Thailand factory
- Optimize equipment utilization and restructuring production management

Governance WG

- Considerations for further reinforcement of the Corporate Governance Framework
- Prevent the recurrence of serious incidents, such as system failures at the Thai factory
- Improve internal controls and corporate culture

IR WG

- Establish a framework to strengthen IR and exploring additional initiatives
- Continuously report progress on initiatives aimed at achieving a 9% ROE

Direct ↑ Outside Director

ESG Initiatives

Addressing climate change is regarded as a key management priority, and various environmental initiatives will continue to be implemented alongside support for employees in balancing work and family life and efforts to strengthen ties with local communities as part of a commitment to sustainable management.

Achieving carbon neutrality by 2050

- Implement various initiatives to reduce CO2 emissions across the entire supply chain
  - Installation of solar power generation equipment on the roof of Building C at the Niigata factory
  - Promoting the transition to electric vehicles (EVs) for company-owned vehicles
  - Replacement of old refrigerant-based air conditioning units to reduce electricity consumption
- Received a B score—the third-highest of eight levels—in the CDP's "Climate Change Report 2025"

CDP Discloser 2025

Supporting Work-Life Balance and Promoting Employee Development

- Supporting employees' mental and material well-being
  - Received "Kurumin Certification" from the Minister of Health, Labour and Welfare as a "Childcare Support Company"
- Promoting diversity to create new value
  - Promoting the creation of an environment that supports women's participation in the workforce and flexible work arrangements
  - Providing training programs to develop foreign technical interns into multi-skilled workers.
  - Supporting the active participation of senior employees by extending the retirement age under the "equal pay for equal work" principle

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Building strong relationships with local communities as a responsible corporate citizen.

- As a member of the local community, social responsibilities are fulfilled through the promotion of multifaceted community engagement activities.
  - Organizing factory tours of the Niigata factory for industrial high school students.
  - Supporting radio production activities at major commercial facilities.
  - Issuing "Mirai Support Private Placement Bonds," through which a portion of the associated fees is donated to local educational institutions.

This presentation contains forward-looking statements.

These statements are based on information currently available and assumptions deemed reasonable; actual performance and results may differ significantly due to changes in economic conditions, market trends, exchange rate fluctuations, changes in the competitive environment, and various risk factors.

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