

Message from the General Manager of the Profit Optimization Group



To improve our corporate value, we will implement management that satisfies all stakeholders driven by both business strategy and capital strategy.

Eiji Kagohashi
General Manager, Profit Optimization Group

Review of FY 2024 and Outlook for FY 2025

In FY 2024, net sales were 617.6 billion, a decrease of 5.9 billion yen (0.9%) compared to the previous fiscal year. This was primarily due to reduced production volumes at major customers. However, operating profit increased by 6.6 billion yen (23.0%) to 35.4 billion yen. This growth was driven by the impact of a weaker yen, cost improvements, and the absence of quality-related expenses incurred in the previous year. Both operating profit and net profit reached record highs.

In FY 2025, we anticipate a decrease in both revenue and profit compared to the previous fiscal year. This is due to the impact of a stronger yen, increased development costs and investment burdens for future business creation associated with strong orders for HMI products, and the additional impact of U.S. tariffs. The revenue forecast for FY 2025 is for net sales of 580 billion yen and an operating profit of 20 billion yen as of the announcement of the first quarter results.

Figures in parentheses show profit margin

Consolidated Results	FY 2023 results	FY 2024 results	Amount of change	Percentage change (%)	FY 2025 forecast	Amount of change (YOY)	Percentage change (%) (YOY)
Net sales	☆623.5 billion yen	617.6 billion yen	-5.9 billion yen	-0.9%	580.0 billion yen	-37.6 billion yen	-6.1%
Operating profit (Operating profit ratio)	28.8 billion yen (4.6%)	☆35.4 billion yen (5.7%)	+6.6 billion yen	23.0%	20.0 billion yen (3.4%)	-15.4 billion yen	-43.6%
Ordinary profit (Ordinary profit ratio)	☆39.5 billion yen (6.3%)	34.4 billion yen (5.6%)	-5.1 billion yen	-12.9%	20.0 billion yen (3.4%)	-14.4 billion yen	-42.0%
Profit attributable to owners of parent (Net profit ratio)	24.8 billion yen (4.0%)	☆27.8 billion yen (4.5%)	+3.0 billion yen	11.9%	14.0 billion yen (2.4%)	-13.8 billion yen	-49.7%
USD rate	143 yen	151 yen	+8 yen	—	135 yen	-16 yen	—
EUR rate	155 yen	162 yen	+7 yen	—	155 yen	-7 yen	—

☆ is for record highs

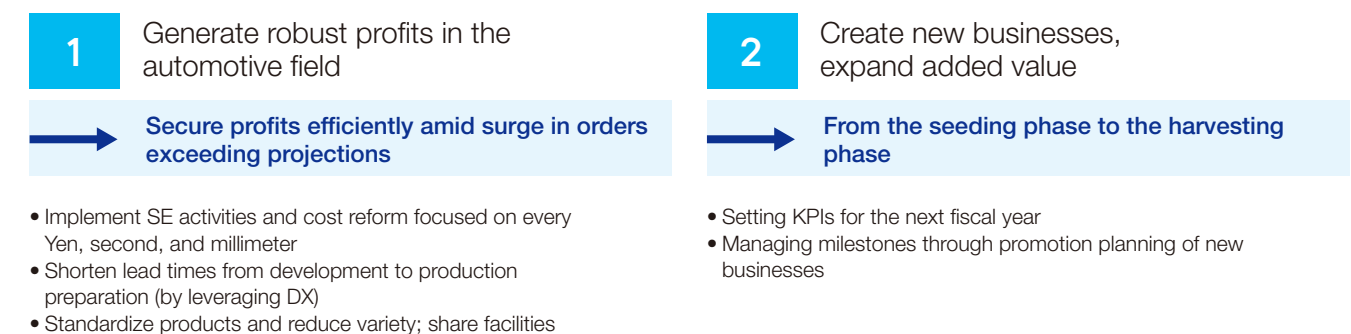
TRV 2030 Goals

TRV 2030, announced in May 2025, outlines the goal of building a structure capable of bringing about and harvesting results through FY 2030 while maintaining and improving profitability. To achieve this, our Vision is focused on generating robust profits in the automotive field as well as creating new businesses and expanding added value. KPIs for FY 2030 are set at 700 billion yen in sales, a 7% operating profit ratio (49 billion yen in operating profit), and a 10% ROE.

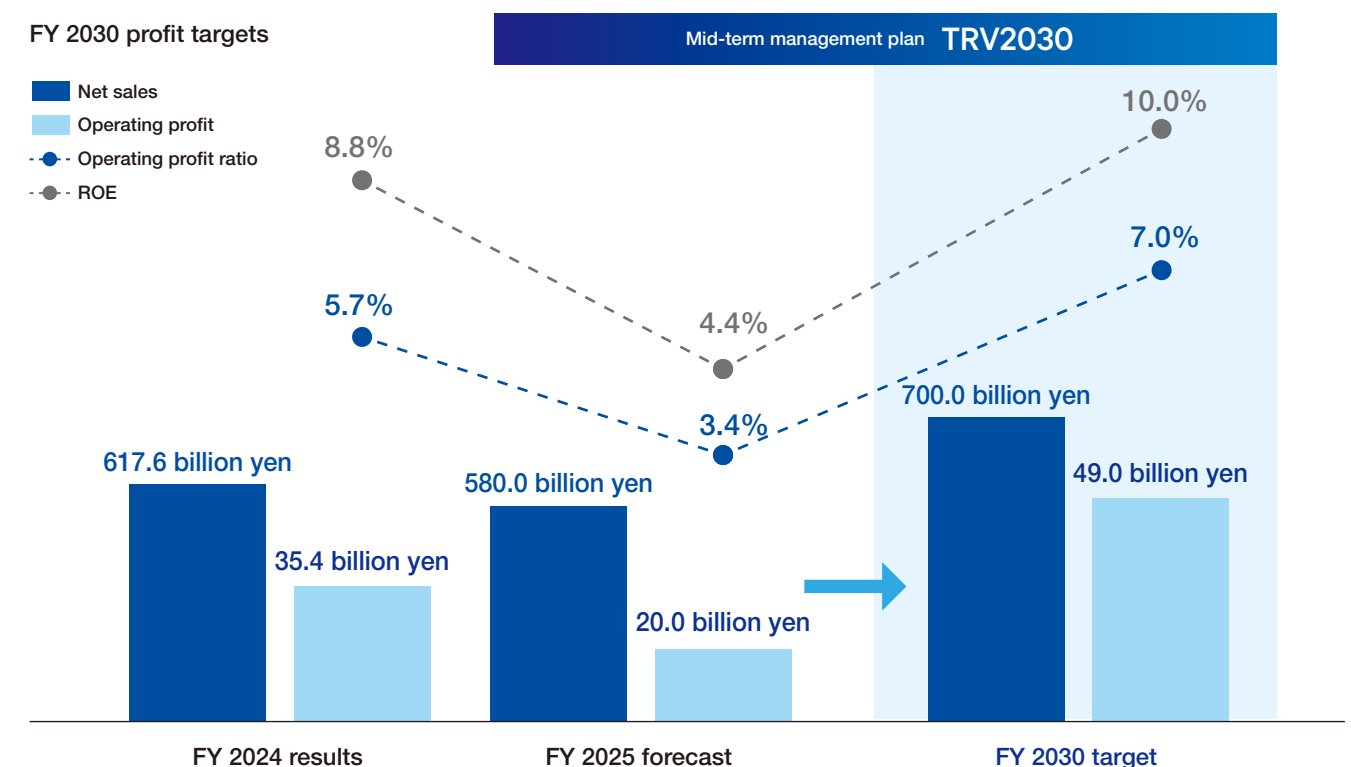
To achieve these targets, (1) in the existing automotive field, we are strengthening Simultaneous Engineering (SE) activities focused on every Yen, second, and millimeter; shortening lead times from development to production preparation by leveraging DX; and improving efficiency in development, design, procurement, and manufacturing by standardizing products and reducing variety. We are also building a more efficient and stable profit structure by expanding sales of next-generation products such as WFO® and Hidden Light Effect. (2) In new domains and businesses, we are working to expand added value and create new businesses—such as Digitalkey services, BAMBOO+®, and remote monitoring systems for autonomous driving—that address social issues. To reliably translate these products and businesses into profits, we will strongly advance the promotion planning (managing milestones) of new businesses in order to firmly support commercialization while managing and reallocating resources.

FY 2030 Targets

• Operating profit ratio: 7% (49 billion yen) • ROE: 10%



FY 2030 profit targets



Message from the General Manager of the Profit Optimization Group

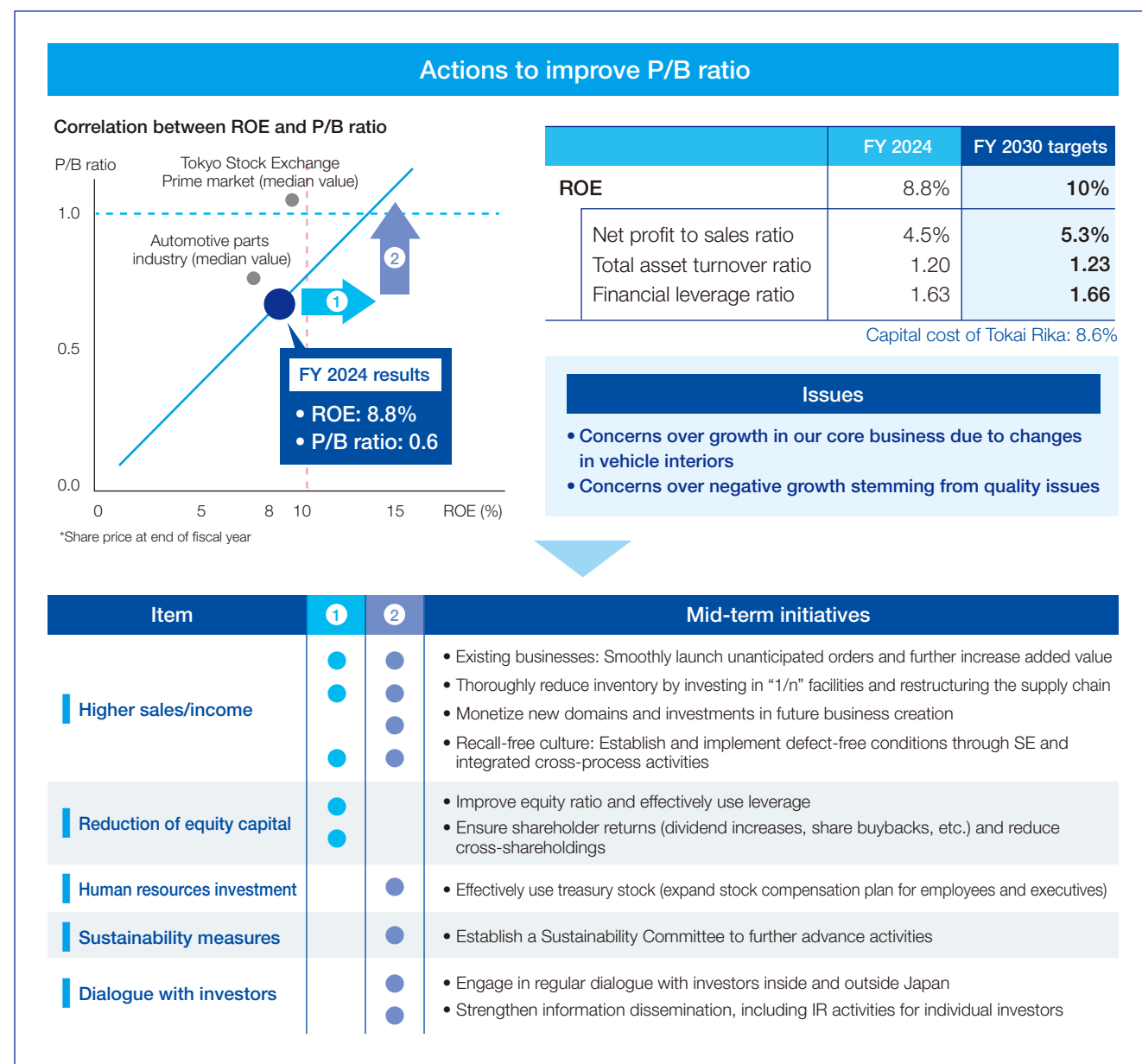
Initiatives to Improve Corporate Value

1 Actions to improve P/B ratio

We will advance efforts to improve our P/B ratio by driving forward both business strategy and capital strategy. Specifically, as shown in the table below, we categorized mid-term initiatives into those that will (1) improve ROE and/or (2) increase the expected growth rate. We have also set concrete targets for, and are working to improve, KPIs such as the net profit to sales ratio, total asset turnover ratio, and financial leverage ratio by prioritizing our FY 2030 target of a 10% ROE.

Our business strategy focuses on increasing the competitiveness of existing businesses by rigorously improving efficiency to boost profitability and expanding sales of next-generation products. At the same time, we will take firm action to more quickly commercialize and monetize new businesses, striving to increase net profits while maintaining a balance with investments for the future.

Our capital strategy will focus on improving capital efficiency and promote management practices—such as reducing equity capital—that are mindful of capital costs. We will also strive to sustainably enhance corporate value by strengthening shareholder return policies and engaging in dialogue with investors.



2 Cash allocation and shareholder return

From FY 2025–2027, we have allocated over 75 billion yen for our in-vehicle business and over 20 billion yen for new businesses and future business creation. Positioning these as growth investments toward our 2030 goals, we will focus on allocating capital to areas that will become future sources of revenue.

We also anticipate returning 55 billion yen to shareholders over the next three years. In addition to maintaining stable dividends, we will implement aggressive capital policies, including further reductions in cross-shareholdings and possible share buybacks. As for dividends, we revised our dividend policy in FY 2024. Based on the principle of maintaining stable dividends, we will determine the dividend amount by aiming for a dividend on equity (DOE) of around 3% and by comprehensively taking into account factors such as earnings and financial position, together with the consolidated payout ratio and dividend yield.

Based on this, we project a full-year dividend of 95 yen for FY 2025, representing a dividend yield of 4.3%. We will continue to ensure a level that remains attractive to our shareholders.

Through these efforts, we aim to maximize corporate value while balancing growth and shareholder returns. Our company will continue to work together as one to meet the expectations of all our stakeholders.

