

Summary of Q&A of CMK's FY2025 Financial Results Briefing
(May 19, 2026)

- Supply and demand for raw materials, including CCL (Copper Clad Laminates), remain tight, and prices continue to rise. Has this affected production? Also, please explain the impact of rising raw material costs on operating income for the previous and current fiscal years, as well as the status of price passthrough.
- The procurement environment remains challenging due to factors such as expanding demand for AI servers and the situation in the Middle East. We are continuously monitoring the situation and communicating closely with each supplier to ensure that production is not disrupted. We will continue to keep a close watch on the situation and will implement price pass-through measures if necessary.

- Regarding the DOE target of 3%, if the dividend for the current fiscal year is 28 yen per share annually (approximately 2.0 billion yen), will the dividend amount for the remaining two years decrease relative to the cumulative dividend of 5.5 billion yen under the three-year Medium-Term Management Plan?
- Dividends in our capital allocation are recorded on a cash-out basis. Accordingly, for the first year, we assume dividend payments of approximately 1.4 billion yen related to the previous fiscal year's results, while the remaining two years incorporate dividends based on the 3% DOE standard. The background to this change is our commitment to further enhancing shareholder returns and improving dividend predictability.

- We understand that progress on the previous Medium-Term Business Plan was difficult. What assumptions have been incorporated into the current plan to improve the likelihood of achieving its targets?
- To increase the likelihood of achieving our goals, we have established the Corporate Value Enhancement Committee. Through the activities of the various working groups under this committee, we will work steadily toward achieving our targets.

- Please explain the system issues at the Thai factory and how they are being addressed.
- The launch of the production system introduced at the CMK Thai factory in January 2025 took longer than expected, resulting in a temporary decline in production efficiency. Although the issues encountered during implementation were largely resolved during the previous fiscal year, the impact of elevated costs continued throughout the second half of the year. However, these impacts were resolved in the fourth quarter, and profitability is now improving.

- If the 1.57 billion yen negative impact caused by the Thai factory system issues was temporary, it would normally be expected to contribute to profit growth this fiscal year. Why is the current fiscal year forecast conservative?
- Although the system-related issues have been resolved, depreciation expenses associated with the new factory, which commenced operations in November 2025, are expected to have a greater

impact this fiscal year. In addition, utilization rates are expected to remain low during the first half, resulting in a heavier fixed-cost burden. Profitability is expected to improve in the second half as utilization increases.

■ Following the resolution of the system issues at the Thai factory, performance in the Southeast Asia segment remained challenging in the fourth quarter. What was the reason for this?

• In the fourth quarter, we recorded one-time expenses of over 200 million yen related to inventory valuation and quality issues. This resulted in profit levels for the Southeast Asia segment being lower than planned.

■ Regarding the sales assumptions in the Medium-Term Management Plan, to what extent do you expect new customer acquisition outside major Japanese customers? In particular, what are your expectations for customers other than the major customers in integrated ECUs and ADAS-related products?

• While demand from major Japanese customers remained very strong, sales to overseas customers were weak last year. In the current fiscal year, we expect demand from both overseas customers and other Japanese customers, driven by the rollout of ADAS-related products and other factors. Additionally, in new business areas, projects currently in the prototyping stage are expected to gradually transition into mass production and expand over time.

■ Given the system issues at the Thai factory, it seems there may be challenges in internal capabilities, such as core production engineering. How do you plan to strengthen your production sites?

• We are advancing internal improvements by implementing the following three measures:

1. As the CMK Group, we are dispatching personnel from our production management and technical departments in Japan to the Thai factory on a long-term basis to resolve issues and rebuild the organizational structure.
2. We have introduced external HR consultants at the Thai factory to clarify responsibilities and authority, thereby streamlining the organizational structure.
3. We have appointed an external management expert as executive officer in charge of development and technology to strengthen our production engineering capabilities.

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