## A Message from Our Outside Directors

### Deepening investor dialogue under the new management structure, and the next stage of our financial strategy

Tatsundo Maki
Outside Director
(9 years of service)

I feel that management practices focused on the cost of capital are already well established. Management is centered on sustainable profit growth, improved capital efficiency, and an optimal capital structure. In terms of investor relations, the company is responding to changes in investor interest by providing more specific disclosures and enhancing dialogue; furthermore, each region has established its own metrics and is incorporating them into its management decisions.

To drive profit growth, the company is focusing on generating operating cash flow through improved profitability, in addition to investing in growth areas, with the aim of creating a positive cycle in which the results of these efforts are reinvested to fuel further growth. In addition, to achieve FSG.30, the growth strategies for each market and business segment have been clarified. To improve capital efficiency, business portfolio reviews are ongoing, and investment decisions are being made based on an optimal capital structure.

The challenge moving forward is to demonstrate how non-financial assets—such as the customer base and technological capabilities, in addition to environmental, human capital, and governance factors—are linked to the financial targets outlined in FSG.30. If these connections can be made visible, our ability to explain them to investors will certainly improve. Under the new management structure, discussions regarding investment decisions and capital allocation have increased, and the company is required to be accountable for its investment objectives and returns. Disclosure and dialogue regarding the balance between cash allocation and shareholder returns are also progressing. Amid an uncertain business environment, I look forward to the continued advancement of financial strategies that balance both offensive and defensive approaches.

### Promoting strategic investments to achieve FSG.30

Yuichi Seki
Outside Director
(7 years of service)

As the FSG.30 management plan, launched in FY2024, is being implemented, lively internal discussions are being held regarding strategic investments that will contribute to our company's growth. Building on market growth, decisions have been made to construct new factories aimed at further expanding the business scale. Following the factory in the United States (North Carolina), additional facilities have been set up in Japan (Yamagata) and ASEAN (Phraeksa, Thailand), with operations scheduled to begin sequentially from this year through next year. Furthermore, investments to enhance system infrastructure, automation, and digital transformation, aimed at thoroughly boosting profitability, are being progressively implemented not only at these new sites but also at existing factories and in staffing divisions, to thoroughly improve profitability. These initiatives are based on market trends in each region and the company's corporate strategy, and I view them as promising for the future.

Meanwhile, efforts to strengthen organizational capabilities continue, including investments in talent and technology. For FY2025, capital expenditures were approved for the CMO Business, which is leading the way in commercialization, to facilitate entry into and expansion within growth areas. Although each new business initiative is at a different stage, I assess that they are progressing steadily. Going forward, we will need to ensure that new assets are launched as quickly as possible, following meticulous preparation. All stakeholders are working with this mindset, and we will continue to monitor these efforts closely.

### Board discussions that support appropriate risk-taking

Kimihiko Uemura
Outside Director
(1 year of service)

Within the Group, each region develops a risk map tailored to its specific circumstances, and manages risks by prioritizing them. Given differences in culture, legal systems, and values, it is crucial for each region to take the lead in managing risks. Through dialogue with regional leaders, we gather information to verify the effectiveness of risk management and implement improvements or revisions as necessary. We assess that no major risk events occurred in FY2025, and that we were able to respond agilely to geopolitical risks. However, risk management is an ongoing process, and continuous efforts are essential.

Similarly, when it comes to important management decisions such as M&A, capital expenditures, and new business ventures, taking appropriate risks is essential for corporate growth. As an outside director and member of the Audit Committee, I have placed great importance on adopting a stance that supports taking on challenges while managing risks. Since management decisions involve forecasting the future, management's discretion should be respected, and I approach discussions from that perspective. The Board of Directors is an open forum for free and frank discussion, and we reach conclusions through a lively exchange of views. To achieve sustainable growth as a global company, I believe it is important not only to support growth in each region but also to standardize and further enhance corporate governance practices across all regions.