



Progress of 12th Medium-term Management Plan (From FY24 – FY26)

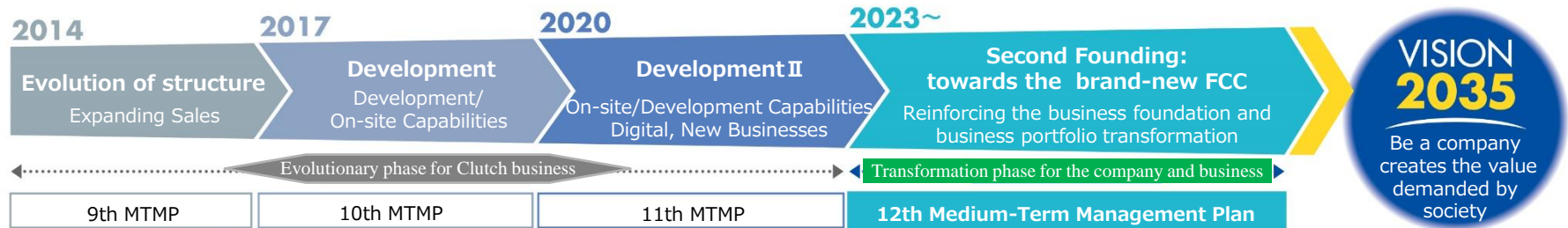
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Progress of 12th Medium-term Management Plan



Steadily promoting reinforcing the business foundation and business portfolio transformation for the second founding



Reinforcing the business foundation

Core
business
(clutch)

Enhancing profitability of motorcycle and
automobile businesses

Motor-
cycles

Demand remained solid centered on India and Indonesia

- Expansion of market share through new orders from Indian customers
- Increase in aftermarket sales at each location

Auto-
mobiles

Maximize revenue through recovery of US market and strengthening structure

- Despite sluggish Chinese economy there is a recovery trend in US market
- Increased earnings by passing on inflationary costs to prices and strengthening internal structure

Sustainability

Promoting solutions to ESG issues

- Development of energy saving and renewable energy measures
- Engagement survey for HR strategy and promotion of systematization of DX human resource development

Business portfolio transformation

New
businesses

Promoting growth investments and
injection of resources
Partial start of production

Motor-
cycles

Preparation for mass production of key electric components and power units

- India: Preparation for mass production of key electric components and power units
- Japan: Installation of motor mass production test line

Auto-
mobiles

Preparation for mass production in motor core submodule market

- China: Preparation for mass production in motor core submodule market
- Japan: Preparation for installation of motor core mass production test line

Non-
mobility

Business development that contributes to carbon neutrality

- Preparation for mass production of ceramic setters (Scheduled launch: 2024)
- Preparation of test line for LiB conductive auxiliary agent (Scheduled launch: 2025)

Progress of key performance indicators

- Due to the expansion of core businesses and the effect of the weakened yen, we expect to achieve the Medium-Term Management Plan targets for revenue and operating profit one year ahead of schedule.
- Promoting injection of resources and making the transition to preparation for partial mass production for new business creation aimed at business portfolio transformation

	12th Medium-Term Management Plan Final year targets (Announced in May 2023)	FY24 Results of 1st year of Medium-Term Management Plan	FY25 Forecast for 2nd year of Medium-Term Management Plan	FY26 Forecast for 3rd year of Medium-Term Management Plan
Revenue (¥ billion)	234.0	240.3	238.0	239.0
Operating profit (¥ billion)	16.0	15.1	16.0	16.5
ROE	8.0%	7.1%	6.7%	7.5% or more
Total shareholders return ratio	40%	40.7%	40% or more	40% or more
Business portfolio transformation/ New business creation	Completion of preparation	Injection of resources into growth areas Transition to preparation for partial mass production	Acceleration of injection of resources into growth areas	Completion of preparation for second founding
Exchange rate (USD)	135	144.63	140	140

Motorcycle business: Promotion of expansion in all directions in core and new businesses

Core business | Clutch business |



New businesses | CASE area |



Strong demand, commercial rights acquired through the introduction of moderate to high-value-added technologies, and earnings generally in line with plans

Markets

- Overall market: Demand increased year on year
- Strong centered on India and Indonesia
- Movements toward the global south including Brazil and the Philippines

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- Preparations aimed at a 70% share in the India market
 - ▶ Expanding sales of moderate value models with a view to next-generation markets
 - ▶ Activities to further reduce costs
- Promotion of global after market strategy

■ Expansion of share in India

67%

70%
or more
End of
12th MTMP

Maintained position
as a global market leader

Regional strategy aimed at
shift to electrification

Main battleground
India (ASEAN)

Building value chain and injecting resources

Promoting
preparations for
mass production
for major OEMs

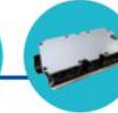
Motor assembly
PCU

Start of preparation
for mass production
Launch of alliance

Strengthening of local business
development system
Strengthening of sourcing
activities



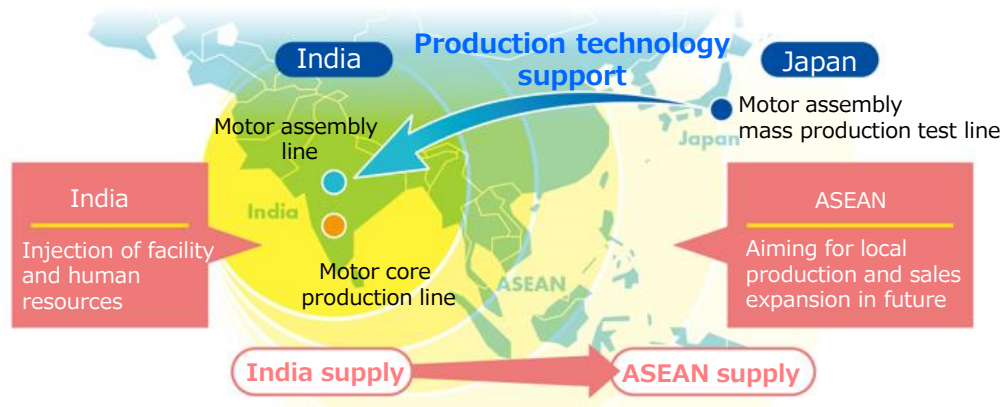
Key electric
components
Motor cores, etc.



Power units
Motor assembly, PCU/VCU



Further added value
Data business
application services





Automobile business:

Maximized revenue from core businesses and shifted resources to new businesses

Core business | Clutch business |



Continued to maximize revenue through market recovery and structural improvement measures

Markets

- China: Sluggish economy
- North America: Market recovery
- Change in trend from **ICE** → **BEV** to **ICE → HEV → BEV**

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- Secured profits through optimizing production for the HEV trend
- Improved corporate structure by appropriately passing on costs to prices and cost control
- Promoted resource shift to new businesses

New businesses | CASE area |



Transitioned to stage of preparation for mass production in motor core submodule market

- Promoted development of differentiated technologies, made transition to preparation for partial mass production
- Expanded motor core test lines in China and Japan
- Continued to approach customers to secure orders

Injected
5 billion yen
as growth
investment(FY25)

Japan ¥3.5 billion
China ¥1.5 billion

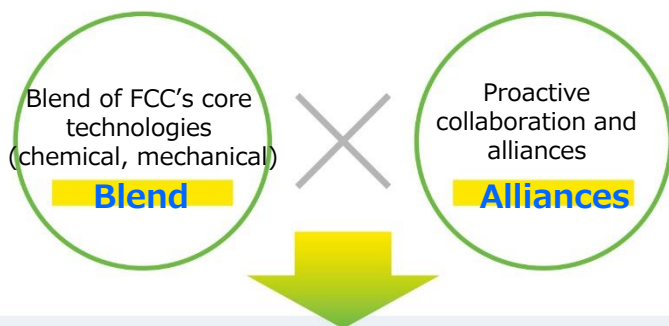
※Including development expenses

Aiming to realize local production and expand sales by taking advantage of our global locations



⚙️ Non-mobility business x carbon neutral/solutions to social issues

Developing businesses that contribute to carbon neutrality and solutions to social issues, and building a foundation for business diversification



Circular economy

- ▶ Products and solutions that lead to the cleansing of the water and atmosphere, or to recycling systems

Energy solutions

- ▶ Energy solutions that generate, store, and save energy, or use thermal management (fuel cells, catalysts, etc.)

Create diverse biz that generate new value, foster cultural transformation

- ▶ "Experience" business
- ▶ Fostering of creative culture within the company, development of new businesses to meet overseas needs

Major Initiatives and Progress

1 Example of carbon neutrality initiatives

Semiconductor chip firing setter

Target	Chip firing jig
Functional material utilized	Porous ceramics
Scheduled market launch	2024
Progress to market launch	75%

Condition during chip firing



Semiconductor firing jig market
103 billion yen
(2030 forecast)

2 Example of energy solution initiatives

Also expanding into the mobility area

Conductive auxiliaries for LiB

Target	LiB electrodes
Functional material utilized	Multilayer CNT
Scheduled market launch	2025
Progress to market launch	50%



CNT conductive auxiliaries market
306 billion yen
(2030 forecast)

- * LiB: Lithium-ion battery
- * CNT: Carbon nanotube

3 Preparation and search for diversification

- Orders for recycled fibers
- Drone business orders (infrastructure inspection)



Recycled fiber
(Japanese paper yarn)

Sustainability Initiatives

Climate
change

Promote energy saving and renewable energy measures throughout the FCC Group toward carbon neutrality (2050)

Active use of renewable energy

Solar power generation facilities

Hamakita
Factory



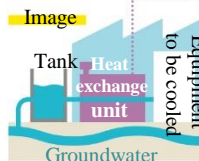
Estimated annual power generation **417,444 kWh**
(Approx. 8% of annual electricity use)

Heat exchange unit using groundwater

Watagashima
Factory



Power Reduction rate **90 %**
CO₂ emissions **20.3 t-CO₂/**
Reduction per year



Actual greenhouse gas (GHG) reductions in FY24

Energy saving **2,730 t-CO₂** Renewable energy **3,667 t-CO₂**

Human
capital

Formulate and promote a human resource strategy to generate innovation

Establish and promote three pillars of HR strategy

Diversity

Fostering an organizational culture in which diverse human resources can play an active role

Engagement

Implementation of engagement survey

HR development

Promotion of systematization of DX HR development

Promotion
of diversity

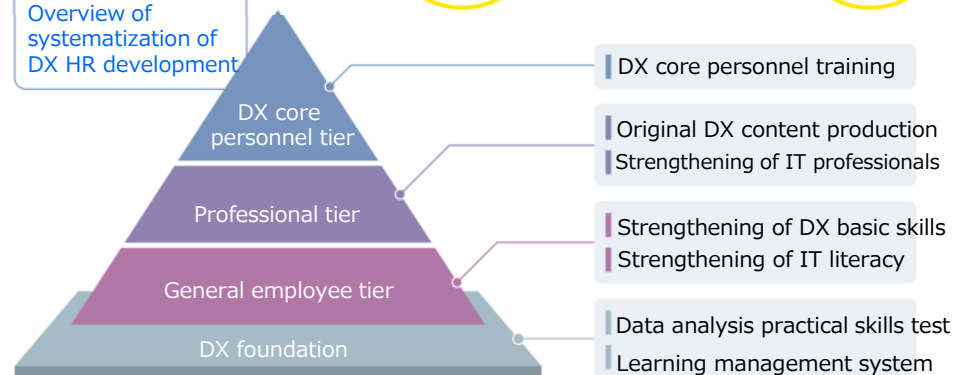
HR strategy
3 pillars

Create infrastructure to generate innovation by developing HR who work to bring about "the new FCC" of their own accord

Increased
engagement

HR
development
capacity
building

Overview of
systematization of
DX HR development



Progress of cash allocation and resource injection

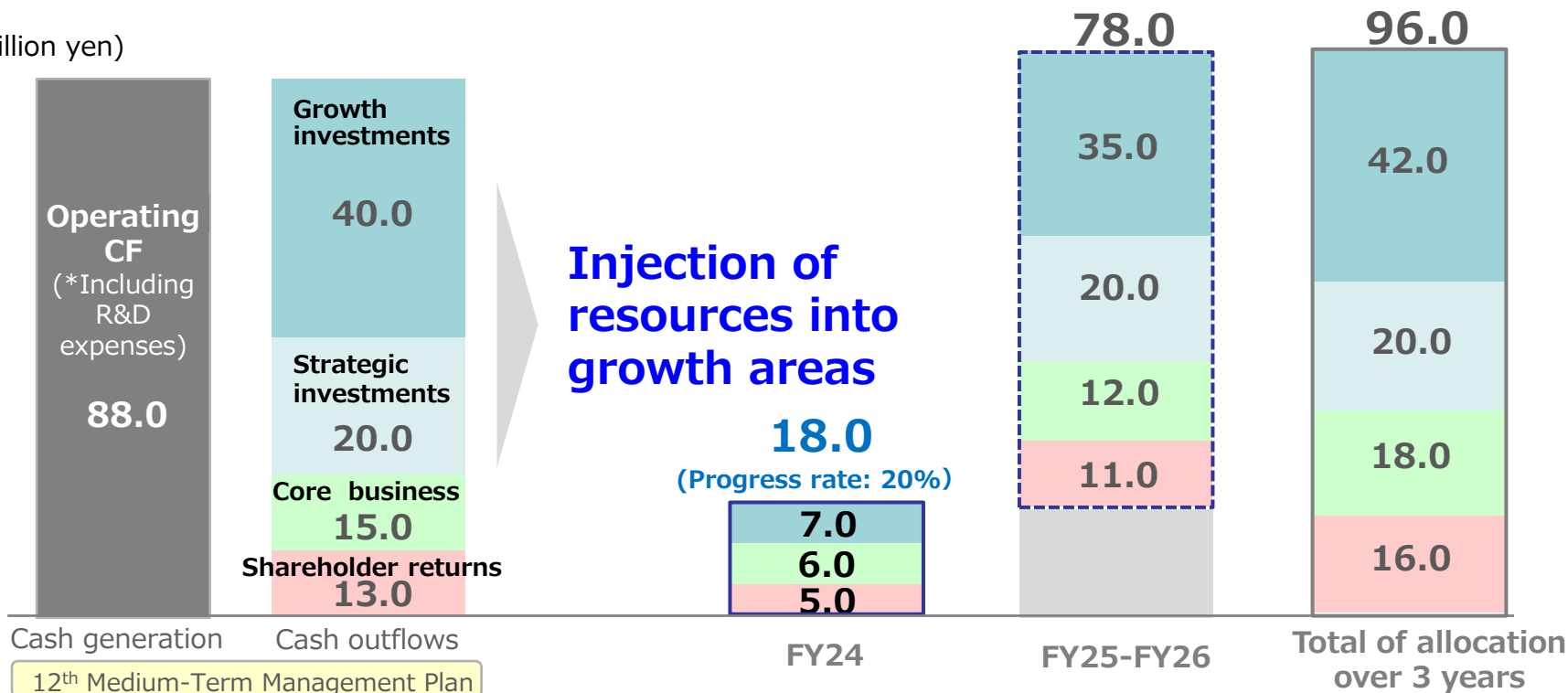
Cash allocation

- Maintained sound financial health
- Focused allocation of investments to core businesses and growth investments with an awareness of investment efficiency
- Total shareholders return ratio of 40% or more

Acceleration of injection of resources into growth areas

- Shifted resources (more than 400 people) to growth areas and promoted human resource development, including DX personnel, during the period covered by the 12th Medium-term Management Plan

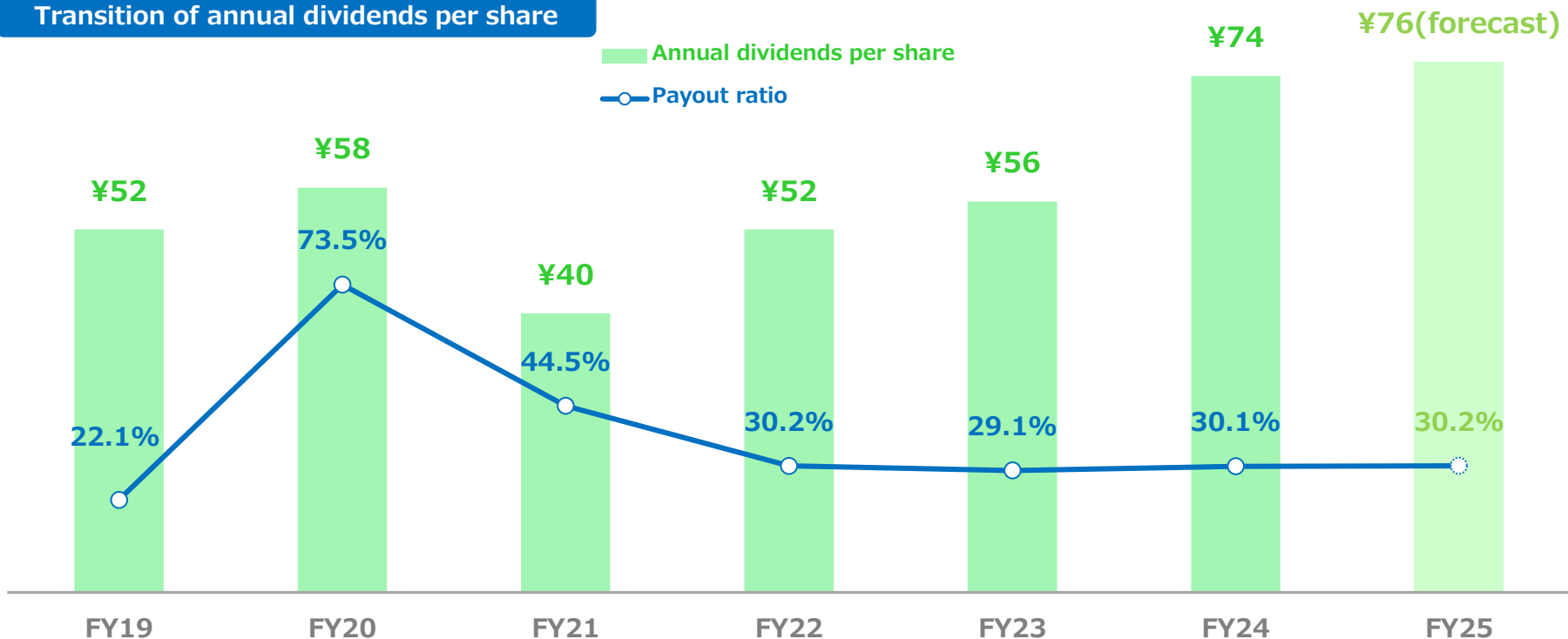
(billion yen)



* Growth investments include development expenses

Shareholder returns

Transition of annual dividends per share



Purchases of treasury shares

¥1.378 billion

¥1.3 billion
(maximum)

Total shareholders return ratio

33.7%

73.5%

44.5%

30.2%

29.1%

40.7%

40% or more