



[TRANSLATION]

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 (Security Code 6444 TSE Standard Market)
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Progress under the Plan toward Compliance with the Listing Maintenance Criteria

On September 26, 2023, our company submitted a plan to comply with the listing maintenance criteria of the Standard Market and disclosed its contents. We would like to provide an update on the progress of this plan as of December 2024, as outlined follows.

○Our Compliance Status with Listing Maintenance Standards and Plan Period

As of the base date, the Company's compliance status with the listing maintenance criteria of the Standard Market, including its transition, is as shown in the table below, and it does not meet the criteria for the ratio of circulating shares. The Company will continue to make various efforts to meet the criteria for maintaining its listing by the end of December 2025 (the base date for determining the Company's listing maintenance criteria) with respect to the ratio of circulating shares.

		Number of Shareholders (People)	Number of shares in circulation (Unit)	Total market capitalization of circulating shares (Billion)	Ratio of circulating shares (%)	Net Assets
The compliance status of our company and its transition	As of the end of Dec 2023	9,975 People	259,393 unit	¥ 4.4 billion	23.22%※	Net assets are positive
	As of the end of Dec 2024	9,920 People	263,851 unit	¥ 3.9 billion	23.62%※	Net assets are positive
Criteria for maintaining the listing		400 People	2,000 unit	¥ 1 billion	25%	Net assets are positives
Compliance Status		Conformed	Conformed	Conformed	Not conformed	Conformed
Planned Period		—	—	—	By the end of Dec 2025	—

※The company's compliance status was calculated based on the distribution status of our share certificates, etc. as of the record date of the Tokyo Stock Exchange.

○Implementation Status and Evaluation of Efforts Toward Compliance with Listing Maintenance Standards (January 2024 - December 2024)

Our company recognizes that in order to enhance corporate value and achieve sustainable growth, it is essential to make continuous growth investments that effectively convert acquired business rights into revenue, implement a thorough area strategy, further improve profitability, and enhance human resource development and organizational efficiency. Based on this understanding, we have reviewed our mid-term business plan to accelerate business growth and formulated a new mid-term business plan starting in fiscal year 2024. Under this new plan, we are advancing our business activities with the goal of evolving from a component supplier to a "Full Solution System Supplier" and establishing ourselves as a leading company in integrated thermal management systems, thereby ensuring sustainable growth and enhancing corporate value.

The details of this mid-term business plan were disclosed on February 14, 2024.

【Key measures to achieve the mid-term business plan】

- ① Expand market share by strengthening sales of thermal management systems to global OEMs in Europe
- ② Maximize group synergies to capture growth in the Chinese thermal management system market
- ③ Expand North American business by enhancing investment in the North American market for products for NEVs
- ④ Promote product platforming and leverage our strength as an independent company flexibly support a wide range of customer needs
- ⑤ Optimize global production layout and supply chain and realize sustainability
- ⑥ Enhancement of human resource development and streamlining of organizational operations through the promotion of standardization and digitalization

In particular, our key initiatives for fiscal year 2024 have focused on the following:

- Acquire new nomination through area-specific strategies
- Advancing technological development to transition into an integrated thermal management system solution supplier
- Optimizing global production layouts and supply chains
- Promoting sustainability initiatives
- Strengthening human resource development and enhancing organizational efficiency

In our company, we consider revenue, ordinary profit, and EBITDA as key financial indicators. In the first year of our mid-term business plan, 2024, we exceeded our targets for all three of these indicators. Notably, ordinary profit significantly surpassed our goals due to the impact of foreign exchange rates and the effects of cost reduction in selling, general, and administrative expenses achieved through operational efficiency improvements that have been ongoing since 2022.

In addition to enhancing corporate value, we have been working to improve stock liquidity by strengthening our investor relations activities. Specifically, we have been striving to increase transparency by holding biannual financial results briefings for institutional investors and conducting company seminars for individual investors.

Through these initiatives, we have observed an improving trend in the ratio of circulating shares. However, while we continue to meet the criteria for maintaining our listing, the number of shareholders and the market capitalization of circulating shares have deteriorated since last year. We will continue to promote our mid-term business plan, [SHIFT 2028] to achieve stable growth by enhancing competitiveness and maintaining a flexible approach.

○Future challenges and actions to be taken to comply with the criteria for maintaining listing

As of the end of December 2024, our company does not meet the listing maintenance criteria regarding the ratio of circulating shares. However, due to our ongoing efforts to comply with the listing maintenance criteria, the ratio of circulating shares is showing an improving trend. In fiscal year 2025, we will continue to enhance corporate value based on our mid-term business plan and improve stock liquidity by enriching our IR activities and other initiatives. Additionally, regarding compliance with the listing maintenance criteria for the ratio of circulating shares, we have initiated discussions with Hisense Japan Automotive Air-Conditioning Systems Corporation since August 2024, focusing on specific initiatives and their implementation timeline. Moving forward, we will comprehensively consider capital policies and other factors to execute measures aimed at meeting these criteria.

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