



Japan Aviation Electronics Industry, Limited

JAE Report 2026



Technology to Inspire Innovation

Corporate Philosophy / Global Corporate Slogan

Corporate Philosophy

“Explore, Create and Practice”

In response to the boundless, changing needs of society, our duties are never-ending exploration and creation.

Business enterprise must essentially be like the Earth as it spins and revolves through the boundless universe, in the midst of incessant change.

Exploration and **creation** are born in an environment of freedom and independence, and raised by relentless quest and actions which vigorously transcend barriers and difficulties.

Practicing this principle and further making contributions to society; this more than anything is the goal of our business, and the source of our development.

創造
實踐
開拓
恒平



Minoru Numoto

Founder

As the first president of Japan Aviation Electronics Industry, he began the business with an order to repair a single transformer for a fee of five dollars. After this humble beginning, the business went on to win an annual contract in the face of fierce competition, as well as concluding a technology agreement with a major overseas company after he personally attended top-level negotiations. As demonstrated in these and other successes, his foresight and outstanding ability to take action laid the foundation for the company as it is today. As president and as chairman, he took responsibility for the management of the company for more than 20 years, and established its basic approach as a corporation, which was his another significant achievement. On the occasion of the 20th anniversary of our founding, then-chairman Numoto set out the corporate philosophy of “Explore, Create and Practice” with the aim of ushering in the next phase of development for the business, and these concepts have been passed down unbroken to the present day.

Basic Management Policy

JAE has promoted global business expansion based on the consolidated management of the JAE Group including all its subsidiaries; enhancement of global marketing and product development capabilities; and innovation of product quality and product creation, in order to gain a high level of trust as partners with its worldwide customers.

Global Corporate Slogan

Technology to Inspire Innovation

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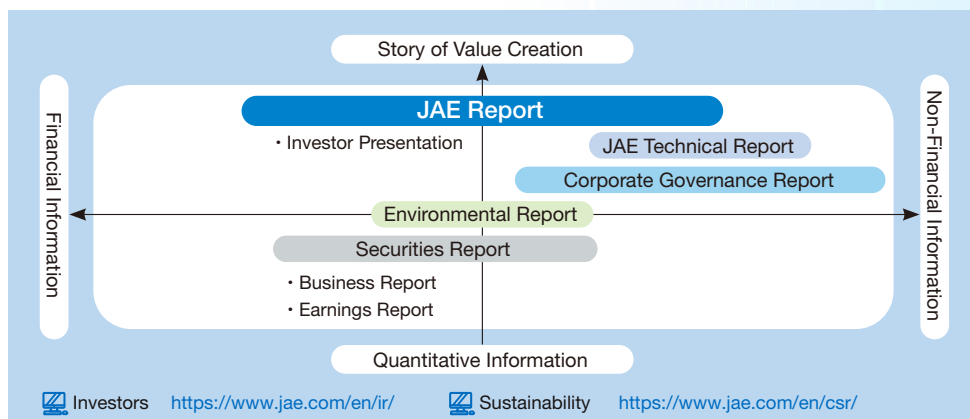
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Here we will answer some questions that were frequently asked by our stakeholders.

- Q1** Please provide an overview of the business performance in fiscal 2025 and the main contributing factors. » PP.7-10
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Disclosure Framework



Editorial Note

For the 2026 edition, we have further developed JAE's value creation story, with a focus on the new medium-term management plan and the newly identified materiality. We also provide a more concrete explanation of our business strategies and portfolio transformation initiatives, while expanding the roundtable discussion with Outside Directors to present our growth strategies and efforts to strengthen corporate governance in a clearer and more accessible manner.

Companies covered

Japan Aviation Electronics Industry, Limited and 29 Group companies (of which 19 are consolidated subsidiaries)

Reporting period

FY2025 (from April 1, 2025 to March 31, 2026)

Where required to provide the most recent information or compare with past performance, information pertaining to dates outside the stated period is also included.

Published

September 2026

Note

The plans, strategies, results forecasts and targets for the Company and its consolidated subsidiaries noted in this report are forecasts and targets as of the time of publication, and include risks and uncertainties. Note that actual results may differ greatly from the forecasts and targets due to various sorts of factors.

*All brand names and product names are trademarks and registered trademarks of their respective holders.

*In connection with a review of its reportable segments, JAE integrated the User Interface Solutions Business into the Connector Business effective fiscal 2026. To ensure continuity with our future strategies and business targets, this report presents actual results for certain items based on the new segment classification.

At a Glance

Net sales

¥227.9 billion
(FY2025)

Operating profit/ratio

¥8.9 billion
3.9 %
(FY2025)

ROE

5.1 %
(FY2025)
▶ P.19

Dividend per share

¥60
(FY2025)

Consolidated dividend payout ratio

57.2 %
(FY2025)
▶ P.19

Global connector sales ranking

11th in the world
(CY2025)
Source: Bishop & Associates, Inc.

▶ P.21

Greenhouse gas emissions reduction rate

74.7 %
(FY2025, compared to FY2017)

▶ P.28

Number of group companies

30
(Including JAE)
(as of March 31, 2026)

Number of employees

11,908 people
(as of March 31, 2026)

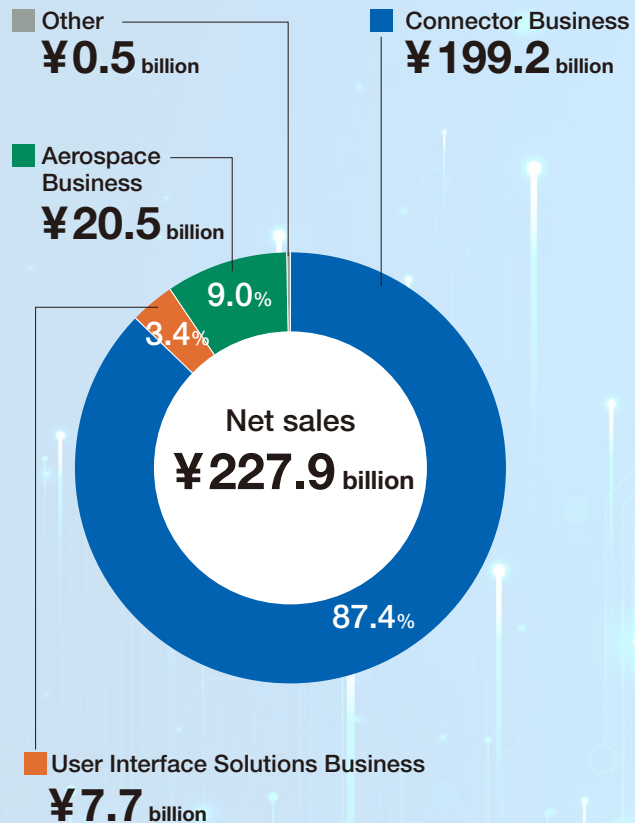
Number of patents held

3,304
(as of March 31, 2026)
▶ P.26

Number of industrial designs held

2,604
(as of March 31, 2026)

Sales by segment (FY2025)



* Effective from FY2026, the User Interface Solutions Business was merged into the Connector Business.

Connector Business

▶ P.21

Connector products

Connectors are key devices that provide links for electrical and optical signals. We, with advanced and reliable connection technology, support the evolving IoT-oriented society.

Automotive Compact waterproof automotive in-line connector Automotive USB3.2 compatible connector	Industrial & Infrastructure Circular connector for industrial equipment Vehicle-to-grid suitable CCS2 connector
Mobile Devices Low-profile, fine-pitch board-to-board connector Repairable USB Type-C® connector	Wireless High-performance surface mount antennas High-performance PCB and FPC antennas

User interface solutions products

We develop products for “connecting people and equipment” focused on input device technology and provide optimal solutions tailored to users and environments in which they are used.

Automotive Capacitive touch panels for automotive Film heater	Industrial & Infrastructure Robot teach pendant Operation panel
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Aerospace Business

▶ P.24

Since JAE's inception, we have pursued “Motion Sensing & Control (technology to detect and control movement),” and been providing high-precision and high-reliability products that can operate under severe environmental conditions from deep sea to outer space using that technology.

Industrial, Infrastructure and Automotive Digital directional module for oil drilling High-thrust vacuum-compatible linear motors	Aviation & Space Inertial measurement units for launch vehicles High-reliability/Japan quality flight controllers for drones
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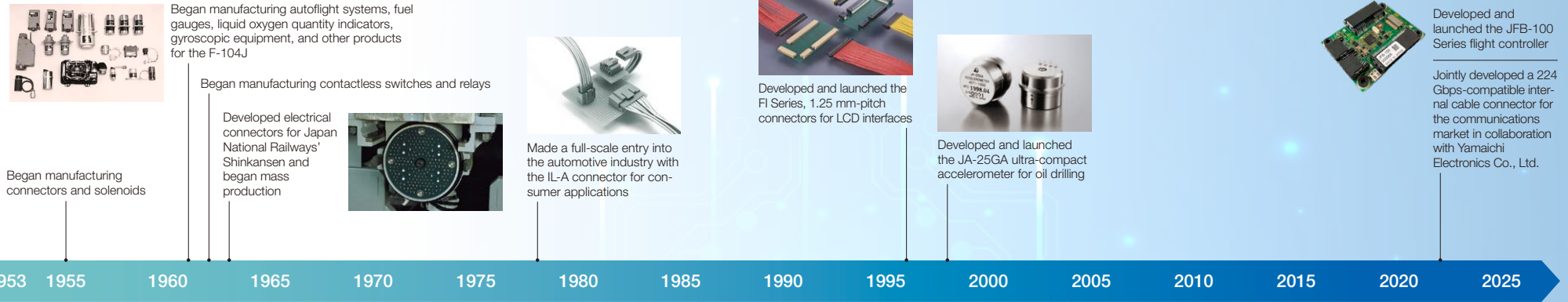
Our History

Since our founding in 1953, we have developed our business through a commitment to product creation, technology development and global marketing, underpinned by our corporate philosophy of “Explore, Create and Practice.” We will continue to create innovation to resolve social issues and contribute to achieving a better society, based on our global slogan of “Technology to Inspire Innovation.”

Business History



Product Development History



1955-1962

Establishing the foundations of our business



Connectors

In 1955, JAE began manufacturing connectors and solenoids under a technical assistance agreement with a US company. In 1961, it began manufacturing autoflight systems, various measuring instruments, and gyroscopic equipment, laying the foundation for the Aerospace Business. In 1962, JAE began manufacturing contactless switches and relays, which led to today's User Interface Solutions products.

1986

Successful launch of Japan's H-I rocket carrying JAE's inertial sensor unit



Inertial sensor unit for rockets

In 1986, JAE developed and supplied the inertial sensor unit (IMU), a core component of the inertial guidance system, and the propellant level measurement equipment (PLME) for the second stage of H-I Test Vehicle No. 1. These products demonstrated the reliability of JAE's technology in actual operation and contributed to the successful launch, which marked the first step in Japan's development of large launch vehicles.

2003

Launched the DC1 Series, next-generation digital interface connectors compliant with the HDMI standard

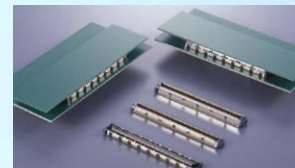


HDMI2.1 compatible connectors

In 2003, JAE developed and launched the DC1 Series, next-generation digital interface connectors compliant with the HDMI standard. By participating from the standard-development stage and having its proposed design adopted, JAE was able to bring the product to market quickly and expand its market presence. In recognition of its contribution to the widespread adoption of digital video equipment, JAE received an Emmy Award in 2009.

2004

Launched the WP3 Series, 0.4 mm-pitch board-to-board connectors



WP3 Series

In 2004, in response to the need for higher-density mounting as mobile phones and other ICT devices became increasingly multifunctional and compact, JAE launched the WP3 Series, 0.4 mm-pitch board-to-board (FPC) connectors. Combining space savings with high connection reliability, the product was adopted across a wide range of devices in response to market needs.

2015

Launched the DX07 Series, connectors compliant with the USB Type-C® standard



USB Type-C® Connectors

In 2015, JAE launched the DX07 Series, connectors compliant with the USB Type-C® standard, which JAE had participated in developing. Through design verification and optimization of the component configuration, JAE achieved both high reliability and miniaturization. When launching mass production, JAE also adapted its automated assembly equipment to the new connector structure. By providing high-quality products that meet diverse customer requirements, the DX07 Series continues to grow as one of our mainstay products.

2025

Acquisition of Tooltronix, a developer and manufacturer of oil drilling equipment



Oil drilling tools

JAE entered into a business transfer agreement covering MWD tools with Alberta, a Canadian company engaged in the development and manufacture of oil drilling equipment and with which JAE had collaborated on development, and Tooltronix became a new JAE subsidiary. By adding Tooltronix products to JAE's proven lineup of accelerometers, directional modules, and other products, we aim to deliver greater value to customers and expand our oil drilling and geothermal-related businesses.

MWD: Measurement While Drilling

Message from the President

Responding to major changes in the business environment and fundamentally strengthening our earnings base

Business Environment and Our Current Position

The JAE Group is currently in a transitional phase as we transform our business portfolio in response to market changes, and earnings remain under severe pressure. At the same time, we are accelerating initiatives for medium- to long-term growth. In October last year, we entered into a capital and business alliance with Kyocera Corporation, and in December, we acquired Tooltronix, a Canadian company engaged in the oil drilling equipment business, as part of our efforts to expand the Aerospace Business. In fiscal 2025, we achieved higher net sales, but operating profit declined. One of the most pressing challenges we face is the unprecedented surge in prices of key raw materials. In our core Connector Business, for example, contact components that carry electrical current are sometimes made from copper alloy with gold plating. Gold prices, which were once around ¥4,000 – ¥5,000 per gram, at one point exceeded ¥30,000 per gram, placing considerable pressure on earnings. We are already taking steps to minimize the amount of gold used in plating, but we need to proceed on the assumption that metal prices will not fall significantly from current levels. This means pursuing breakthrough innovations, such as technologies that drastically reduce gold usage or eliminate the need for gold altogether. In manufacturing, some raw materials become part of the finished product while some are discarded as scrap. By minimizing such waste in our

President (Representative Director)

村本正行

Message from the President

manufacturing processes and pursuing other improvements on the production floor, we aim to build a resilient cost structure that is less susceptible to fluctuations in raw material prices.

Managing foreign exchange and interest rate risks is also important. Although the yen remains weak at present, we are pursuing the optimal balance of production sites that will make us less vulnerable to exchange rate fluctuations, including future yen appreciation, to mitigate foreign exchange risk. With regard to borrowings, we intend to minimize the impact of higher interest rates by further strengthening our financial position.

Achievements and Challenges of the Previous Medium-term Management Plan

Our previous Medium-term Management Plan period, which concluded in fiscal 2025, unfortunately ended with results substantially below plan amid changes in the business environment, and I take this outcome very seriously. That does not mean, of course, that the plan produced no results. We saw tangible progress in areas such as growth in sales for advanced driver-assistance systems (ADAS) in the Automotive market, expansion of the Aerospace Business against the backdrop of rising defense demand, and increased sales of USB Type-C products. However, these gains were more than offset by a deterioration in profitability in the smartphone segment, driven by intensified competition and the resulting decline in selling prices. In the Industrial & Infrastructure market, demand particularly for factory automation (FA) grew strongly during the first half of the plan period, but the subsequent market correction and sluggish oil drilling market weighed on performance. Against this backdrop, the product and business mix deteriorated, leading to lower profitability for the Company as a whole.

We take the market's critical assessment of our performance during the previous plan period very seriously, and I believe we must deliver tangible results as quickly as possible.

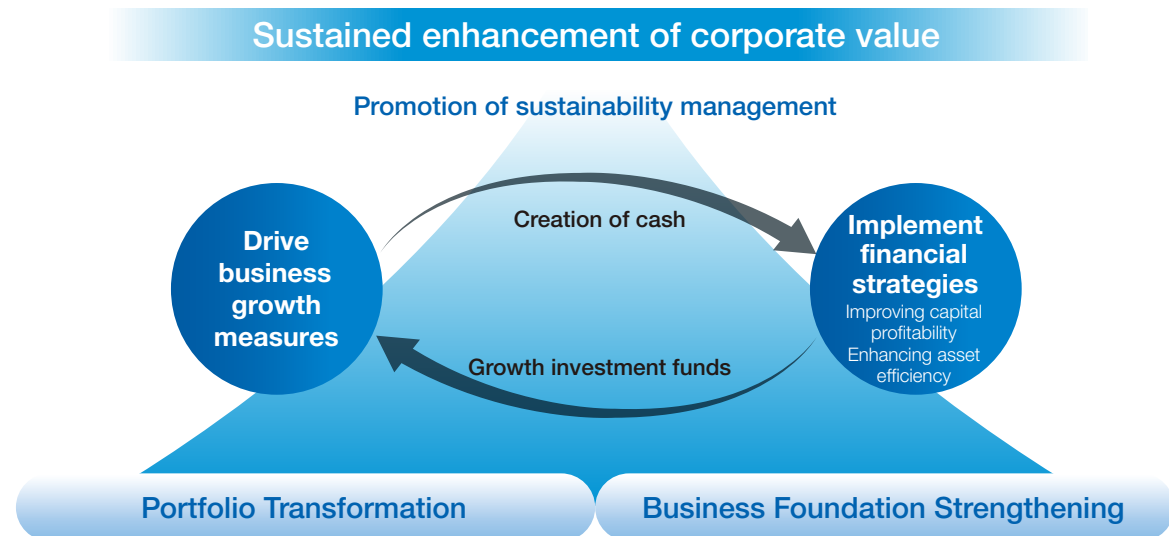
Overview and Objectives of the New Medium-term Management Plan (FY2026–FY2028)

The top priority under our new Medium-term Management Plan, launched in fiscal 2026, is to restore our earnings power to the levels seen several years ago. While ROE has fallen to around 5% at present, we aim to achieve 10% over the medium to long term, and as a first step, return it to 8% during the current plan period.

The two strategic pillars for achieving this target are “portfolio transformation” and “strengthening the business foundation.” As part of portfolio transformation, effective from fiscal 2026, we merged the User Interface Solutions Business, where its small scale had created inefficiencies, into the Connector Business. We will also rebalance our portfolio among our four key markets. Our aim is to expand the business in the Industrial & Infrastructure market, which has substantial growth potential, to a scale where it can become one of our core earnings pillars. We also have high

expectations for the Aviation & Space market as our next growth pillar. In the satellite business in particular, we are proposing products tailored to customers' design concepts and are receiving strong interest in our technologies. While maintaining the solid foundation we have built in Japan's defense and space sectors, we will expand the scale of this business by accelerating our move into new areas, including the North American satellite business.

Completing our portfolio transformation will require management to make difficult decisions on selection and focus. From the standpoint of determining where our limited management resources should be allocated, we will be disciplined in withdrawing from unprofitable projects and products. We will step back from markets where it is difficult to pass on higher costs through pricing and focus on businesses that can generate earnings. To strengthen the business foundation, we will reinforce our marketing functions and fundamental technology development framework to build the capabilities needed to generate earnings consistently. We have also begun restructuring to reduce



Message from the President

organizational layers and create a structure in which information flows directly from overseas sales companies to manufacturing sites in Japan, thereby speeding up decision-making. Digital transformation and AI will support this transformation. As we renew our core systems, we will incorporate AI-driven automation to fundamentally transform frontline operations. The resources freed up through these efficiency gains will be reallocated to manufacturing, development, and sales roles in our priority areas. By eliminating inefficient work and concentrating resources on the businesses we prioritize, we will work to revitalize the organization as a whole and enhance employee engagement.

Transforming Manufacturing

To continue providing high-value-added products, we must evolve the way we manufacture them. We need to fundamentally break down the traditional siloed mindset that “design belongs to head office and production to manufacturing sites.” To achieve this, we are actively advancing “front-loading,” whereby the know-how of mass-production sites is incorporated from the development stage. I often explain this initiative using the analogy of a 400-meter relay. Relay teams can sometimes achieve results beyond the sum of the individual runners’ abilities because of skillful baton passes—in other words, close coordination in the exchange zone. The same applies to our manufacturing. I believe it is essential for the design and development teams at head office, the first runner, and the mass-production sites, the second runner, to share information and work together at top speed. We need to extend this “exchange zone” as far as possible, with each side working more deeply in the other’s domain. In practical terms, this means incorporating know-how from mass-production sites, such as ideas for production equipment layouts, into the design and development stages. Through this collaborative framework, we will transform our manufacturing to deliver greater added value. In the Aerospace Business, the expansion of defense budgets in response to changes in the security environment has made a

fundamental increase in production capacity an urgent priority. Previously, production largely consisted of small lots, highly manual production that relied on highly skilled individuals. As volumes increase, however, it is essential that we move away from dependence on individual expertise. We will apply the mass-production technologies cultivated in the Connector Business to the Aerospace Business and accelerate the transition to a stable mass-production system. To this end, we are promoting technical exchanges across business divisions. Through active communication among engineers, we aim to create Group-wide manufacturing synergies.

Strategies for the Four Key Markets Driving Future Growth

Across the four key markets that will power our return to growth, we will accelerate strategic resource allocation tailored to the characteristics of each region.

In the Automotive market, sales grew in line with plan under the previous Medium-term Management Plan. It is a relatively stable market with limited volatility, and we will continue to pursue steady growth. India and the United States are at the core of our regional strategy. Japanese and Korean automakers have built strong positions in India, and we aim to expand our business by leveraging our long-standing customer relationships. India has also become a major export hub for the African market, and we intend to actively capture this growth opportunity. In the United States, geopolitical developments are providing a tailwind for domestic production. We see this as a significant business opportunity for JAE, which already has a manufacturing base there. In the Mobile Devices market, we will strategically limit our exposure to the mid- and low-end segments in China and concentrate resources on high-value-added areas where we can fully leverage our technological advantages. We will accelerate the shift to a more focused business structure capable of generating steady earnings. Demand in the Industrial & Infrastructure market, which had

remained weak for an extended period, has finally turned upward, with orders recovering sharply since the end of the last fiscal year. The initiatives we have been pursuing are now entering the stage where they can bear fruit. In addition, through our alliance with Kyocera Corporation, we will vigorously expand our presence in Europe by making maximum use of the Kyocera Group’s customer base. In the data center field, which is attracting strong interest, we plan to focus on carefully selected opportunities and capture demand. In the oil drilling business within our Aerospace Business, the acquisition of Canada’s Tooltronix has significantly expanded our product lineup. By combining JAE’s high-precision, high-reliability, and high-durability sensor technologies with Tooltronix’s oil drilling peripheral equipment, we have built a structure that can deliver high added value at drilling sites. Building on this expanded product lineup, we will also actively expand beyond oil drilling into adjacent high-growth fields, including drilling for geothermal power generation. In the Aviation & Space market, defense-related orders are increasing, and we expect long-term demand from the development and mass production associated with major programs. We will therefore strengthen our production system in preparation for higher demand. The Connector Business has also designated aviation & space as one of its key markets. We have entered the space domain through the U.S. commercial satellite business and are expanding from this foothold. As U.S. production is required in this field, we are leveraging our plant in Oregon, and our local manufacturing capability is once again being recognized as a strength. We will continue to focus on this market given its substantial potential.

New Material Issues for Advancing Sustainability Management

We recognize that advancing sustainability management is essential to strengthening our business foundation for the sustainable enhancement of corporate value, and we are pursuing initiatives across each area of ESG. In the environmental area,

Message from the President

for example, we are working to reduce greenhouse gas emissions and conserve biodiversity. In the social area, we are strengthening human rights due diligence and improving employee engagement to promote the active participation of diverse talent. In governance, we are advancing risk management and enhancing the effectiveness of the Board of Directors. Going forward, we will continue to roll out these initiatives globally and extend them across our supply chain.

To ensure that JAE continues to achieve sustainable growth, we are identifying material issues related to sustainability. In 2025, we identified and disclosed material issues for strengthening the business foundation in the ESG domain.

In 2026, in addition to these, we identified “value creation materiality,” which shows how our business activities themselves contribute to resolving social issues. One example is our contribution to realizing a safe and secure mobility society. For the connector products for ADAS applications that we currently provide, we will use the sales growth rate as an indicator to give stakeholders a tangible measure of how our products contribute to road safety around the world.

Our contribution to resolving social issues is not limited to our existing business domains. At the Product Development Center, which is responsible for fundamental research, we continue to pursue new R&D to help make society safer. One example that illustrates this is the development of a water-level gauge for disaster prevention that applies high-precision sensing technology. The system detects rising water levels early and issues warnings of floods and other water-related risks, and we have already received inquiries from several local governments. We are also researching technology that measures minute vibrations in bridges and buildings to detect deterioration at an early stage and help prevent disasters before they occur. We intend to develop these initiatives into more robust programs with specific quantitative targets. These are critically important developments with a direct bearing on people’s lives. I believe our contributions in disaster prevention and mitigation will demonstrate the true value of JAE’s technologies.

Message to Stakeholders

Our current performance is extremely challenging, but we are now in a transition toward renewed growth. Transforming the portfolio and rebuilding the business foundation will take time. However, as a business leader, I will not allow the core direction of the strategy we have set to waver, regardless of changes in the external environment. We will, of course, make flexible course corrections when needed, but my mission is to carry through the Medium-term Management Plan we have formulated with unwavering resolve.

By further strengthening our marketing and manufacturing capabilities, we will deliver products that meet our customers’ expectations and steadily build a track record of results. In doing so, we will earn the market’s trust and achieve sustainable enhancement of corporate value. I hope our stakeholders will continue to follow our progress as we take on the challenge of transformation.



Value Creation Process

Technology to Inspire Innovation

Social issues

Transition to a recycling-oriented society

Progress of decarbonization and effective use of resources

Declining labor force in major countries

Digitization and advancement of AI

Inputs

Financial capital

- Equity ratio: 62.1%
- Net assets: ¥144.4 billion

Human capital

- Number of employees: 11,908
- New graduate hires: 88 (JAE only) including 24 female hires (joined JAE in April 2026)

Intellectual capital

- R&D expenses: ¥12.1 billion
- Number of patents: 3,304
- R&D collaboration with universities and research institutes

Manufacturing capital

- Capital investment: ¥23.7 billion
- Manufacturing bases: 6 companies in Japan and 6 companies in foreign countries
- Production technologies accumulated through in-house manufacturing

Social capital

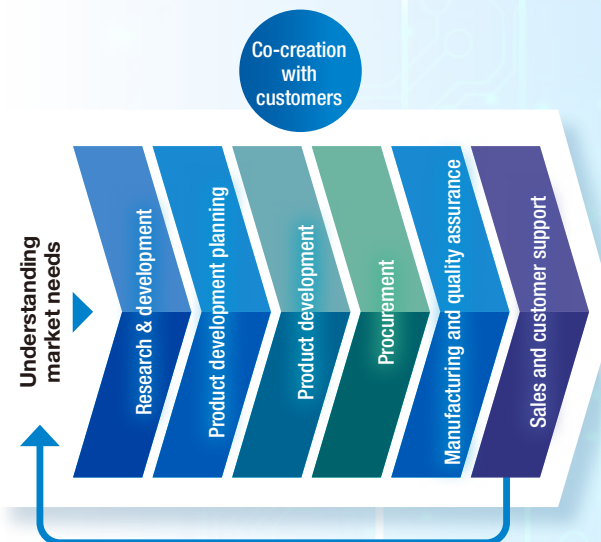
- Group companies: 30 (including JAE) 12 companies in Japan and 18 companies in foreign countries
- Long-term, strong relationships with major global companies that are top players in their segments

Natural capital

- Electricity consumption: 210,119MWh including the amount of power derived from renewable energy sources
- 146,636MWh
- Water usage: 624,422m³

* Unless otherwise noted, figures are for fiscal 2025 or as of March 31, 2026.

Key business Processes



Strategies

Medium-term Management Plan

Outputs

Connector Business



USB Type-C Connectors



Capacitive Touch Panels for Automotive

- Examples of products in which our technologies are utilized
- Smartphones and PCs
 - Automotive
 - Industrial robots and industrial equipment
 - Medical devices

Aerospace Business



Accelerometer

- Examples of products in which our technologies are utilized
- Semiconductor manufacturing equipment
 - Oil drilling equipment
 - Aircraft
 - Rockets

Outcomes

Economic value

Financial capital

- TSR over the past 5 years: 139.9%
- Annual dividend: ¥60/share
- Consolidated dividend payout ratio: 57.2%
- Increase sales in growth markets (automotive / industrial & infrastructure / defense & space)
- Improve profitability through high-value-added products
- Maintain competitive advantages through the accumulation of technologies
- Capture growth opportunities through global expansion

Social value

Human capital Intellectual capital

Manufacturing capital

Social capital Natural capital

- Ratio of female managers: 4.2% (JAE only)
- Number of certified skilled workers: 842
- Number of patent applications: 295
- Greenhouse gas emissions reductions (Scope 1 and Scope 2) 26,988t-CO₂ 74.7% reduction compared to FY2017 (excluding overseas sales companies)
- Waste and valuables generated 7,274t
- Recycling rate 99.8% (Group companies in Japan)
- Develop technologies and products that meet diverse needs
- Support the advancement of the digital society through high-speed, highly reliable connections
- Reduce accident risks and enhance safety infrastructure by ensuring safety in automotive applications
- Contribute to a decarbonized society through vehicle electrification and the miniaturization and weight reduction of equipment
- Improve productivity and promote automation through the advancement of industrial equipment
- Contribute to stronger security and social infrastructure through high-precision products for defense and space applications
- Improve equipment reparability
- Improve consumer convenience through standardization and the adoption of common standards

Impact

We are creating social value through collaboration with customers through five areas:

Connected Society

Healthy and comfortable society where the people in the world are connected with each other

Safe Mobility

Safe and secure mobility society

Clean Energy

Society with environmentally friendly energy

Industrial Innovation

Efficient and safe production activities

Air, Space and Ocean

Frontier exploration in aviation, space, and ocean

Platform to support value creation

Charter of Corporate Behavior <https://www.jae.com/en/csr/charter/>

Corporate Philosophy "Explore, Create and Practice"

Value Creation Process

The JAE Group leverages various forms of capital, including human and intellectual capital, to create value through our business processes spanning R&D, sales, and customer support. By continuously advancing initiatives to enhance added value, we ensure a stable supply of high-quality products and strengthen the foundation for sustainable corporate value creation.

	Research & development	Product development planning	Product development	Procurement	Manufacturing and quality assurance	Sales and customer support
Characteristics	We contribute to solving social issues through R&D that further advances our sensing, analysis, and processing technologies, explores new business domains, promotes collaboration across business divisions in support of their future business visions, and develops manufacturing technologies that strengthen production capabilities in our existing businesses.	Through partnerships with leading companies worldwide and global marketing activities, we identify market and technology trends and apply these insights to product planning and the development of business models.	Through continuous investment in development, we work to establish cutting-edge technologies and develop products based on our core technologies: connection technologies, user interface technologies, and motion sensing and control technologies.	Through a stable global procurement network and integrated purchasing functions, we achieve optimal materials procurement that combines quality with price competitiveness. With the cooperation of our suppliers, we also promote sustainable procurement.	Through extensive in-house production, automation, and labor-saving initiatives using equipment designed in-house, we have established an integrated production system while accumulating production engineering expertise. Our comprehensive evaluation and testing capabilities enable us to meet customers' stringent requirements for quality and reliability.	We accurately identify customer needs and market conditions and leverage our expertise and global collaboration to propose optimal solutions, thereby expanding our business.
Relevant capitals	Human capital Intellectual capital Social capital	Human capital Intellectual capital Social capital	Human capital Intellectual capital Social capital	Human capital Intellectual capital Social capital Natural capital	Human capital Intellectual capital Manufacturing capital Social capital Natural capital	Human capital Intellectual capital Social capital
Initiatives to enhance added value	- Advance core technologies and develop and integrate new technologies - Enhance competitiveness by strengthening resources for advanced technology development - Strengthen elemental technology development - Acquire new technologies through alliances - Strengthen responsiveness to market needs through technological collaboration with Kyocera	- Lead the market by participating in the development of advanced standards - Build advanced technology development capabilities based on technology roadmaps - Expand business by leveraging our global marketing framework	- Expand our global development framework - Leverage digital transformation to accelerate development, improve productivity, optimize development costs, and enhance alignment with customer value - Improve development efficiency by concentrating resources on priority areas - Accelerate the development of advanced products through relationships with leading global customers	- Strengthen supply chain resilience - Reduce risks through supply chain management - Improve procurement efficiency and strengthen cost management through a fundamental review of procurement methods - Achieve sustainable procurement by addressing environmental and human rights considerations and maintaining fairness	- Leverage production know-how accumulated in-house through increased in-house production - Establish new manufacturing processes - Ensure smooth ramp-up of mass production through front-loading - Adhere to our quality policy - Strengthen procurement cost management in response to rising raw material prices - Leverage Kyocera's production sites	- Build relationships with leading global customers - Expand access to growth areas and customers - Strengthen brand value and awareness - Diversify sales channels - Strengthen sales by leveraging the Kyocera Group's sales channels

JAE's Strengths

Since the founding of the JAE Group in 1953, we have developed our business through a commitment to product creation, technology development, and global marketing, underpinned by our corporate philosophy of "Explore, Create and Practice." By innovating productivity through the comprehensive in-house manufacturing, automation, and labor-saving cultivated in our history of over 70 years, and providing unique products through the development of cutting-edge technology to meet customer needs, we are co-creating with our customers to achieve innovations that contribute to society, and lead to enhanced corporate value.

Sources of Strength

Technology development

Establishment of cutting-edge technology and the promotion of product development through continuous R&D investment

Enhancement of technological capabilities through external cooperation, such as research into next-generation elemental technology via industry-academia collaboration

The JAE Group has worked on R&D in order to open new doors that will realize innovation for society and customers as a technology and product creation company, through its core technologies of connection, user interface, and motion sensing and control. Furthermore, we are working on R&D of manufacturing technologies with the aim of shifting toward smart factories and innovating manufacturing.



Development of advanced technologies, and joint research



New product development, and establishment of manufacturing technologies

Research & development through industry-academia collaboration

Under the Industry-Academia Collaboration Research Consortium agreement with the Institute of Industrial Science, the University of Tokyo, we are actively promoting research activities founded upon academic knowledge, as well as developing R&D human resources. For themes where research activities have been completed, we pursue practical application and commercialization within the Company. Additionally, we are accelerating the pace of technology and product development by acquiring advanced technologies and joint developments through alliances.

Product creation

Productivity innovation through in-house manufacturing, automation, and labor-saving efforts

Enhancement of the evaluation and test system to ensure highly reliable products are provided to customers

Our production sites in Japan and overseas operate 24 hours a day, seven days a week. In addition, we have established a robust production system through thorough in-house manufacturing, automation, and labor-saving, using facilities of our own design. We are strengthening and enhancing our evaluation and test system in order to fully respond to ever-increasing demands for quality and reliability from our customers. Our Integrated Evaluation & Test Laboratory at the Akishima Plant has over 100 units of testing equipment, with which we efficiently conduct advanced tests such as electrical, environmental, and mechanical tests.



Facilities of our own design for in-house manufacturing



Evaluation facilities centralized at the Integrated Evaluation & Test Laboratory



RF Anechoic Chamber

Imparting and inheriting manufacturing technologies

As a part of strengthening our manufacturing capabilities, we established the Global Techno-Center in 2005 with the aim of passing on technology and skills, and are providing group-wide technical guidance between the Akishima Plant and overseas production subsidiaries. We are currently also setting up independent Techno-Centers within domestic production subsidiaries.

We have also introduced an incentive program to encourage employees to acquire and improve their skills, providing incentive payments and training programs to support the acquisition of skills certifications.

Global marketing

Co-creation with global leading companies based on partnerships

Contributions to formulating global standards

Through partnerships with leading companies around the world, we have grown our business by coordinating efforts between our head office and overseas sites to develop products that respond to technological trends and customer needs in various regions. We have also been involved in the development of global standards such as HDMI and USB Type-C.



HDMI connectors



USB Type-C connectors

Growth in automotive connectors and harnesses for ADAS

As ADAS technologies have advanced and become more widespread, the use of in-vehicle cameras has increased, driving growth in the volume of data communications within vehicles. In Europe, where ADAS functions were adopted ahead of other regions, JAE began supplying connectors for sensing cameras around 2015 and has since accumulated technological expertise. Recognition of this track record has led to the adoption of our connectors and harnesses for ADAS in regions outside Europe, helping drive growth in sales to the automotive market.



High-speed transmission connector for automotive digital cameras

Five Key Areas for Addressing Social Issues

The JAE Group creates social value through co-creation with customers in five areas, contributing through its business activities to solving social issues while fulfilling its responsibilities as a member of society.

For more information on "Contribution to Society by Co-creation with Customers," please visit our website.
<https://www.jae.com/en/csr/areas/>

CONNECTED SOCIETY

We support a connected society through compact, high-density connectors for mobile devices such as smartphones and wearable devices, as well as high-speed, environmentally resistant connectors for communications infrastructure.

We developed the RK02 Series of compact, multifunctional connectors for smart textiles, which can be used in a wide range of fields, including sports, entertainment, and preventive healthcare. By enabling comfortable connectivity and high-performance communications for smart devices, we contribute to the realization of a connected society.

AIR, SPACE AND OCEAN

Drawing on the aviation and space electronics technologies we have cultivated since our founding, we contribute to the successful completion of missions in frontier fields, including the transportation of satellites into space and oceanographic research.

We developed an inundation monitoring system using water-level gauges based on our proprietary capacitance measurement technology. To help reduce the risk of flood damage caused by extreme weather, we commercialized a low-power water-level gauge that requires no on-site calibration and participated in demonstration tests promoted by Japan's Ministry of Land, Infrastructure, Transport and Tourism. Through these efforts, we successfully established a system for obtaining real-time field information to support disaster preparedness and response.

INDUSTRIAL INNOVATION

We contribute to higher productivity and quality and greater labor savings through environmentally resistant connectors, user interface products that improve operability, and linear motors that provide high-speed, precise control.

The JL10 Series, which is used as power and brake connectors for servo motors, has been adopted by Japanese factory automation and machine tool manufacturers to the extent that it has become close to a de facto standard. We are also working to expand applications beyond the areas surrounding servo motors to entire robots, while developing cost-competitive connectors for factory automation equipment. Through these initiatives, we will contribute to more efficient production activities.

SUSTAINABLE DEVELOPMENT GOALS

Resolving social issues through business activities



SAFE MOBILITY

We help make mobility safer and more secure through connectors that link the growing number of electronic components, such as ECUs and cameras, resulting from the increasing digitalization of automobiles and advances in autonomous driving technologies, as well as touch panels that connect people with vehicles.

We developed the MA20 Series of automotive coaxial connectors to meet the requirements of increasingly sophisticated driver assistance systems. While supporting vehicle weight and cost reductions, these coaxial connectors deliver excellent transmission performance and noise immunity. By supporting the continued advancement of ADAS functions, we will contribute to improved road safety.

CLEAN ENERGY

Through high-current, high-voltage connectors for power systems and EVs, we contribute to the wider adoption of systems that use electricity efficiently and to the realization of environmentally friendly mobility.

We developed the MW03 Connector, which combines the high-current capability essential for improving EV performance with a compact, lightweight design. Our proprietary joining technology suppresses heat generation and enables a stable supply of current. By providing highly reliable connections to drive motors and batteries, the connector supports safe and efficient power transmission. Going forward, we will pursue further miniaturization and enhanced durability with the aim of expanding its application across a broad range of EV uses.



Materiality

To ensure that the JAE Group continues to achieve sustainable growth, we identified material issues for strengthening the business foundation in fiscal 2025. These material issues were identified across the E (Environment), S (Social), and G (Governance) domains in response to societal expectations regarding management and business activities. In fiscal 2026, in addition to these, we identified material issues that contribute to resolving social issues through our business and lead to new value creation. As the manufacture and sale of components and units form the core of our business, we recognize that co-creating value with customers is essential. Going forward, we will further strengthen and advance our sustainability management through specific initiatives addressing these material issues.

Materiality

Category	Materiality	Priority Actions	KPI			Relevant SDGs
			Item	Goals	Fiscal 2025 results	
Value Creation	Contribution to solving social issues through our business in five key areas	Contribute to realizing a safe and secure mobility society	Growth in sales of ADAS*-related products *Advanced Driver-Assistance Systems	Sales growth (YoY): 110% or more	120%	       
Environment (E)	Climate Action	Greenhouse gas reduction through energy conservation and introduction of renewable energy	Greenhouse gases	Reduction by 75% by fiscal 2030 (compared to fiscal 2017) Scope 1 and 2 on a consolidated basis	74.7% reduction	  
	Promotion of a Circular Society (Contribution to a Circular Society)	Effective utilization of Resources	Recycling rate (recycling achieved through measures such as reducing general waste and thorough sorting)	• Maintain 99.5% or higher (in Japan) • Maintain 95.0% or higher (consolidated)* ¹	99.8% (in Japan) 94.2% (consolidated)* ¹	  
	Biodiversity Conservation	Strive to enhance understanding and awareness of biodiversity	Environmental conservation activities (initiatives contributing to biodiversity conservation)	At least once a year (consolidated)	3	  
Social (S)	Promotion of Diversity and Inclusion	Promote the active participation of diverse human resources regardless of age, gender, nationality, or disability status	Percentage of female managers	6.0% or more by fiscal 2030 (non-consolidated)	4.2%	  
	Development of Human Resources and Work Environment	Develop talent to ensure competitiveness, and realize a workplace environment that supports career growth and active participation	Employment ratio of persons with disabilities	Compliance with legal employment rate (non-consolidated) 2.7% or higher by fiscal 2026	2.6%	  
	Securing Employees' Health and Safety	Enable each individual to realize their full potential while maintaining physical and mental well-being in a safe and comfortable workplace environment	Engagement score	From fiscal 2026, promote engagement enhancement initiatives with the aim of improving the engagement score (in Japan)	Engagement score 41% (in Japan)	 
	Respect for Human Rights	Strengthen initiatives for human rights due diligence	Number of serious work-related accidents * ²	0 incidents (consolidated)	0	 
	Promotion of Sustainable Procurement	Achieve sustainable procurement with consideration to the environment and human rights throughout the supply chain	Implementation of human rights due diligence	Conduct employee training as a risk prevention and mitigation measure (consolidated)	Identified significant human rights issues • Revised the JAE Group Human Rights Policy	 
			Conducting supplier surveys	Achieve a recovery rate of 95% focusing on our primary suppliers, who represent 80% of our procurement expenditures in Japan	96.5%	    
Governance (G)	Strengthening of Corporate Governance	Enhance the effectiveness of the Board of Directors Strengthen cooperation with independent Outside Directors through the Nominating and Compensation Committee	Composition of the Nominating and Compensation Committee Ratio of independent outside directors	Maintaining a majority of independent outside directors on the Nominating and Compensation Committee	5 independent Outside Directors out of 7 members	
	Strengthening of Risk Management	Identify risks that may hinder sustainable growth and share information while reviewing countermeasures for risks that have materialized	Identification of risks and response to key risks	Review of countermeasures for key risks	Review of countermeasures for key risks	  

*¹ Excludes overseas sales companies*² Serious disasters such as those expected to result in death or severe disabilities, special disasters such as poisoning by hazardous substances, and major disasters affecting three or more people at once

● Process for Identifying Materiality

We identified material issues through the following process.

- 1 Reaffirming the value creation process and global corporate slogan
- 2 Screening social issues surrounding the JAE Group
- 3 Understanding stakeholder requests and expectations
- 4 Identifying material issues for strengthening the business foundation
- 5 Identifying material issues leading to value creation

In addition to these material issues, the JAE Group is pursuing various themes in five key areas to contribute to resolving social issues through its business activities. Key initiatives are as follows.

Areas	Applicable products	Contribution to resolving social issues
Connected Society	USB Type-C products	Waste reduction through interface standardization
Safe Mobility	High-reliability sensors	Improved operating accuracy for aviation and space mobility
Clean Energy	Railway infrastructure-related products	Safe operation of railway infrastructure
Industrial Innovation	AGV charging connectors Robot teach pendants Solderless USB Type-C connectors	Addressing labor shortages and improving productivity Supporting smart factories Waste reduction through improved repairability
Air, Space and Ocean	High-performance gravity gradiometer	Efficient exploration of marine resources

● Manufacturing Initiatives

The JAE Group is also implementing a range of initiatives in manufacturing operations to reduce environmental impact.

- Energy conservation through efficient production
- Increased use of recycled materials
- Reduced gold usage through plating under optimal conditions
- Resource conservation through review of packaging materials
- Reduced use of plastics

Stakeholder Engagement

Under JAE Group Charter of Corporate Behavior, our Group will continue to expand efforts to maintain a fair profit, increase corporate value, and contribute to sustainable growth in society, based on our corporate philosophy “Explore, Create and Practice.” At the same time, as a good corporate citizen, we will abide by relevant laws and rules and fulfill social responsibilities toward customers, employees, business partners, stockholders and investors, and other related persons in the community at large.

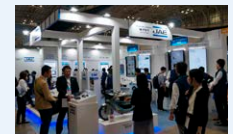
 Our Multi-Stakeholder Policy can be found here: <https://www.jae.com/csr/multi-stakeholder/> (in Japanese)

Stakeholders	Relationship with our stakeholders	Stakeholder expectations and interests	Methods of dialogue (engagement)
 Customers	Since our founding in 1953, we have developed our business through a commitment to product creation, technology development and global marketing, to supply unique products that meet the needs of customers. Drawing on the trust built up with our customers, we will generate new value together in our pursuit of sustainable growth. We will continue working on innovation contributing to society through co-creation.	- Product proposals contributing to innovation of customers - Development and launch of products that meet the needs of customers in a timely manner - Improvement of product value through the pursuit of advanced technologies - Reliable supply of high-quality products - Compliance with customer procurement standards - Initiatives for respecting human rights, addressing environmental risks and ensuring occupational safety and health throughout supply chains	- Sales activities - Exhibitions, product presentations - Joint research and development - Website, social media - Product information
 Employees	We are promoting efforts to achieve a work environment where diverse human resources are able to take part. We respect the individuality of each employee, support them in harnessing their abilities to the utmost, and maintain a safe and comfortable work environment. We are aiming to grow together toward a better future.	- Diversity promotion - Human resources development - Development of work systems - Workplace safety - Respect of human rights	- In-house magazine, company portal - Self-assessments and training systems - Interviews, roundtable discussions - Stress checks, engagement surveys - Internal reporting system, consultation hotlines - Training
 Suppliers	We are aiming to achieve sustainable procurement by focusing on the environment and human rights throughout our supply chains. Through efforts with our suppliers, we are building mutually beneficial relationships and moving forward with initiatives aimed at conserving the environment and improving working conditions. Drawing on this relationship, we will work together to create innovative solutions and achieve sustainable growth.	- Transparent, fair and equitable transactions - Initiatives for respecting human rights, addressing environmental risks and ensuring occupational safety and health throughout supply chains - Stable procurement	- Formulation of “Sustainable Procurement Guidelines,” “Green Procurement Guidelines,” and “Supply Chain BCP Guidelines” - Supplier surveys - Business trend briefing sessions for suppliers - Announcement of the Declaration of Partnership Building - Disclosure of Multi-Stakeholder Policy
 Shareholders and Investors	We are focusing on enhancing mutual understanding by engaging in constructive dialogue with our shareholders and investors. We are ensuring transparency of our management by ensuring that fair and appropriate information is disclosed in a timely manner. Feedback from our stakeholders will be used as a reference throughout the Company, including management, with the aim of achieving sustainable growth and boosting corporate value.	- Enhanced corporate value - Timely, accurate and fair disclosure of information - Strengthened corporate governance - Stable shareholder returns - Achieving return on capital exceeding the cost of capital	- Earnings briefing for institutional investors and securities analysts - IR meetings - Shareholder's meetings - Website (Investors section) - JAE Report (Integrated Report), Annual Securities Report, Business Report - Response to external evaluation agencies, etc.
 Local communities	We are focusing on coexisting with local communities, and are actively involved in social contribution activities. Understanding the needs of local communities and enhancing engagement with residents will help us support revitalization of communities. We are also focusing on environmental conservation activities, and are contributing to the protection of the natural environment and sustainable development. Through these initiatives, we are aiming to develop together with the community and build an even better society.	- Conservation of natural environments and biodiversity - Community contribution activities - Employment preservation and creation	- Reduction of environmental impact - Environmental conservation activities - Community volunteer activities by employees - Participation in and sponsorship of events in local communities - Participation in local environmental business network

Key engagement activities in FY2025

Participation in exhibitions

JAE actively participates in exhibitions in Japan and overseas to gain an accurate understanding of customer needs and promote value co-creation. In fiscal 2025, we participated in more than 10 exhibitions. As technological trends continue to evolve rapidly and customer needs become increasingly sophisticated and diverse in the markets we serve, exhibitions provide important opportunities to identify market needs through direct dialogue with customers while showcasing our technologies and products. In addition to exhibitions in Japan, we participate in major exhibitions across Europe, North America, Asia, and other regions. This enables us to make proposals tailored to the characteristics and customer requirements of each market, leading to the creation of new business opportunities and the development of partnerships. We also feed insights and customer feedback gained through exhibitions back into our technology and product development, helping us deliver high-value-added products to the market in a timely manner.



Manufacturing experience stadium (workshop for elementary school students)

JAE participated in the Monozukuri Experience Stadium 2025 as part of its efforts to support the development of the next generation and build stronger relationships with society. The event is designed to foster children's interest in manufacturing and science through hands-on workshops, and JAE has continued to participate as part of its CSR activities.

At the JAE booth, under the theme “connect electricity and make an EV run,” participants built model EVs, experiencing firsthand how to fabricate parts using tools and assemble connectors. Participants commented that the hands-on experience helped them understand the role of connectors and how electricity works, and that seeing their completed EV cars run gave them a real sense of the enjoyment of manufacturing.

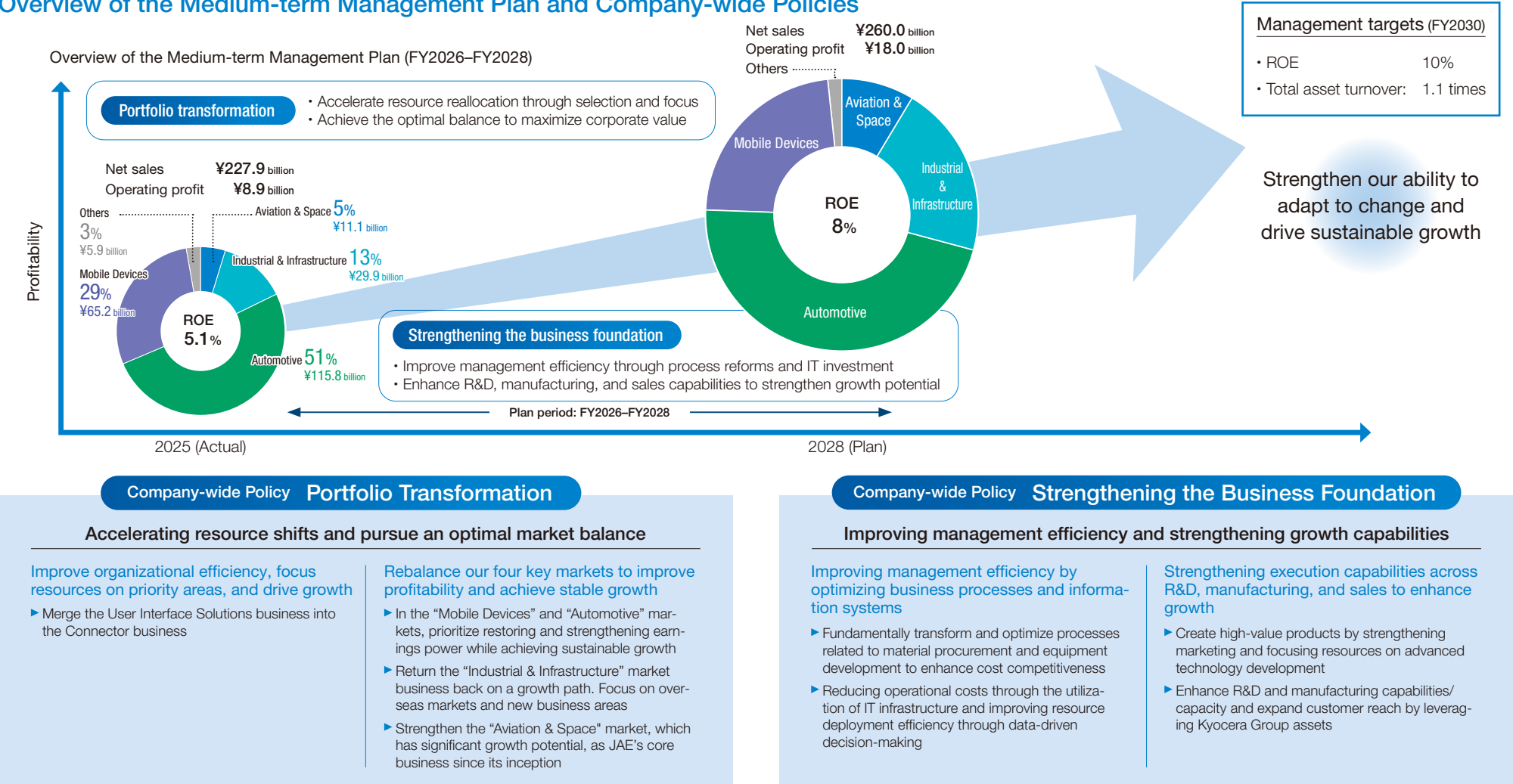
Many children and their parents took part in the workshop, providing an opportunity not only to deepen understanding of JAE's technologies but also to further strengthen our ongoing engagement with local communities.



Medium-term Management Plan (FY2026-FY2028)

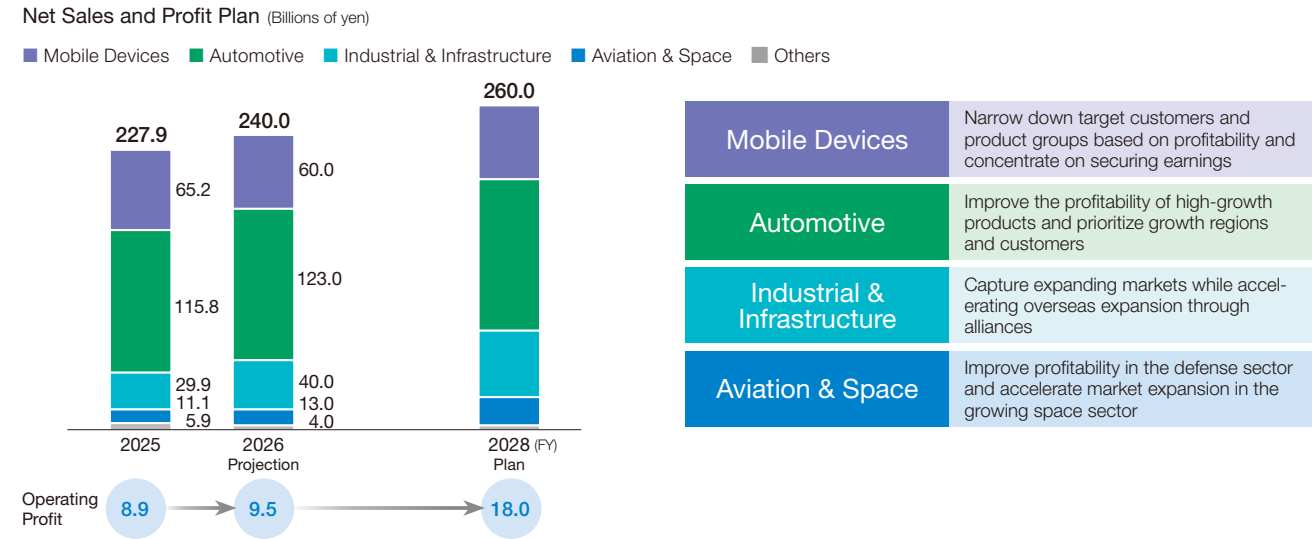
We formulated a new Medium-term Management Plan covering fiscal 2026 through fiscal 2028. Under the plan, we have adopted the basic policy of “optimizing resource allocation to build a corporate structure capable of generating stable profits and achieving growth.” We will focus on “portfolio transformation,” which aims to maximize corporate value by allocating management resources to areas with higher growth potential and profitability, and on “strengthening the business foundation,” which will continuously support this transformation.

Overview of the Medium-term Management Plan and Company-wide Policies



Medium-term Management Plan (FY2026-FY2028)

We will pursue growth strategies in our four key markets while accelerating growth through initiatives in priority regions. To advance these strategies, we will leverage synergies with the Kyocera Group.



Regional Strategy for Global Expansion

We will focus on India/ASEAN and North America as priority regions and accelerate growth by leveraging alliances and M&A. In India, we will strengthen our initiatives in the Automotive market, which offers significant growth potential. We will accelerate market entry through our sales joint venture and are also considering establishing a manufacturing company as we work to build a local business structure. In the U.S. Connector Business, amid growing momentum toward reshoring manufacturing to the United States, we will leverage the advantage of having a manufacturing plant in the country. Building on the satellite business, where a number of business opportunities are already under way, we will expand into the space sector, while also growing business with major EV customers and exploring new demand in AI-related fields. In the Aerospace Business, we will expand our product offerings for oil drilling. Through these initiatives, we will actively capture business opportunities that can drive future growth.

Synergies with Kyocera

To accelerate the expansion of our global business, we will maximize synergies with Kyocera Corporation, with which we entered into a capital and business alliance in October 2025. In technology development, we will strengthen our development framework by supplementing development resources, particularly for Mobile Devices. In marketing and sales, we will leverage the Kyocera Group’s customer base in Europe and the United States to expand business, identify new needs, and create new business opportunities. We are also considering collaboration in manufacturing, including outsourcing production to the Kyocera Group’s production sites in Europe and Asia to manufacture products closer to customers. Looking further ahead, we aim to generate even greater synergies through collaboration, including the introduction of optical products into new fields such as data centers and quantum computers through joint development.

Initiatives to Strengthen the Business Foundation by Segment

We will also actively strengthen our business foundation to realize our growth strategies in key markets. In the Connector Business, we will clearly identify areas where development should be strengthened and areas to be scaled back, and shift resources accordingly. We will also strengthen advanced technology development based on technology roadmaps and reduce costs through reforms in raw material and component procurement and the development of new manufacturing methods. In the Aerospace Business, we will expand our development framework in priority areas. In the defense field, where demand is expected to remain solid, we will aim to improve profit margins by expanding production capacity and strengthening our quality, cost, and delivery (QCD) capabilities.

Strengthening the IT Infrastructure

To execute the strategies set out in the Medium-term Management Plan, we will advance the utilization of data. Specifically, we will move away from defensive IT and shift toward proactive IT that supports business value creation and growth, including AI-driven decision support and real-time visualization of KPIs. At the same time, we will promote organization-wide digital transformation to improve business processes across departments. As we advance these initiatives, we will also strengthen measures to address the growing security risks associated with the increasing volume and decentralization of information assets.

Promoting Sustainability Management

With the aim of sustainably enhancing corporate value and contributing to society, we are promoting activities in five key areas that contribute to resolving social issues through our business, as well as in each area of ESG. We will strengthen our business foundation by expanding initiatives to reduce greenhouse gas emissions and conduct human rights due diligence across the Group, including overseas sites, and throughout the supply chain, while also implementing measures to address the newly identified material issues that contribute to resolving social issues.

Message from the Director in Charge of Accounting and Finance



We will pursue a capital policy that balances growth investment, shareholder returns, and the strengthening of our financial position, with the aim of achieving profitability that exceeds our cost of capital.

Yasufumi Matsuo

Associate Senior Vice President (in charge of Accounting,
Corporate Planning and Investor Relations (IR section) Assistant)

Looking Back on Fiscal 2025

Looking back on fiscal 2025, the global economy lacked momentum. In the United States, signs of a slowdown emerged due to factors including rising prices resulting from tariff policies and a deterioration in employment conditions, while the Chinese economy weakened as personal consumption and capital investment slowed. Although the Japanese economy continued to recover gradually, uncertainty remained high due to rising prices and trade-related issues. In addition, toward the end of the fiscal year, major disruptions were caused in economies around the world, driven by a surge in crude oil prices and growing concerns over supplies of fuel and petrochemical products resulting from the deteriorating situation in the Middle East. In the electronics markets relevant to the JAE Group, overall demand in the automotive market remained solid despite slowing growth in electric vehicles, while demand for defense equipment in the aviation & space market also remained firm. In contrast, the industrial & infrastructure market did not achieve a full-fledged recovery, and growth in the mobile devices market was limited. Against this backdrop, net sales increased year on year in fiscal

2025, driven by growth in the automotive and aviation & space markets. However, the year proved extremely challenging in terms of profitability, with profit declining significantly due to declined selling prices amid intensified competition in the mobile devices market, increasing material costs such as gold and copper, and costs associated with new product launches. Together with factors such as shorter payment terms for raw materials following changes in legislation and capital investments associated with new product launches in each market, this prevented us from generating sufficient cash flow, and we used borrowings in addition to cash on hand to fund our operations and investments. At the same time, we accelerated initiatives to expand our business, including an acquisition in the oil drilling business, the establishment of a sales company in India, and the start of collaboration with Kyocera Corporation, which became a new major shareholder.

Progress and Initiatives with Financial Strategies

In April 2024, we announced capital efficiency and financial soundness targets for fiscal 2025 of a total asset turnover ratio

of 1.1 or more and an equity ratio of 60% or more. We also announced plans to generate approximately ¥100 billion in funds over fiscal 2024 and fiscal 2025 and utilize them in a balanced manner for growth investments, primarily capital expenditures, shareholder returns, and strengthening our financial soundness. In line with this policy, in fiscal 2024 we made capital investments and provided shareholder returns while also reducing borrowings by ¥27.5 billion. In fiscal 2025, operating cash flow declined significantly due in part to lower profits. To support continued growth investments, we utilized borrowings to fund proactive capital expenditures of ¥23.7 billion, up ¥5.7 billion year on year, primarily for new products for the automotive and mobile devices markets, as well as an acquisition in the oil drilling field. In terms of shareholder returns, in accordance with our policy of maintaining stable dividends and a dividend payout ratio of 30% or more, we paid an annual dividend of ¥60 per share, unchanged from the previous fiscal year despite the significant decline in profit. Overall, we maintained an equity ratio of 60% or more. However, partly due to an increase in total assets, our total asset turnover ratio fell short of the target of 1.1.

Changes in Capital Structure

In October 2025, Kyocera Corporation became a major shareholder of JAE, holding 33.0% of our voting rights, and we also entered into a capital and business alliance with the company. To accelerate the expansion of our overseas business, a key priority for strengthening the Connector Business, we will leverage Kyocera's broad customer base, production sites, and development resources. We will also seek to generate greater synergies through our collaboration, including the introduction of optical products into new fields such as data centers and quantum computers through joint development. In fiscal 2026, we expect our collaboration with Kyocera to contribute approximately ¥2.0 billion in sales. By expanding our business through the addition of collaboration with Kyocera to our initiatives, we will enhance corporate value and meet the expectations of our shareholders.

Message from the Director in Charge of Accounting and Finance

Capital Profitability

We use ROE as a key indicator of capital efficiency and had targeted 10% for fiscal 2025. However, due to the significant decline in net profit, ROE came in at 5%. We currently estimate our cost of capital at 7%–9%. Taking into account the Tokyo Stock Exchange’s call for “management that is conscious of cost of capital and stock price,” we are once again targeting ROE of 10%, above our cost of capital, with an interim goal of restoring ROE to 8% by fiscal 2028. To achieve our ROE target while maintaining financial soundness, we need to expand profits. We will strengthen our earnings power by translating investments in new products into earnings and advancing the portfolio transformation and strengthening the business foundation initiatives set out in our medium-term management plan.

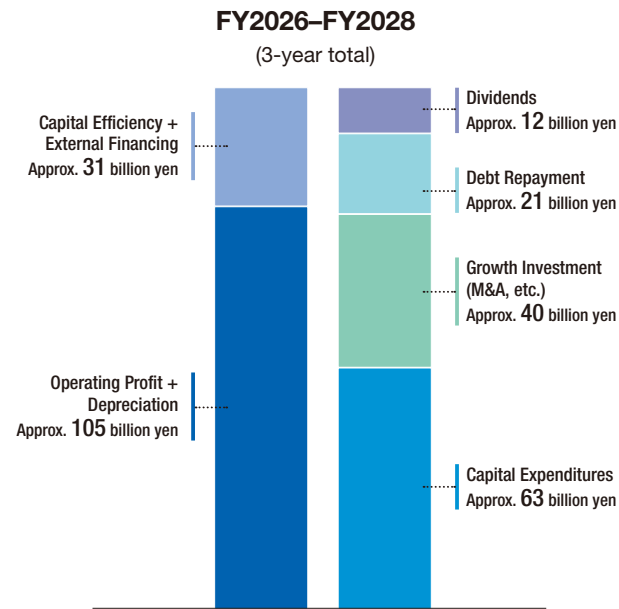
New Medium-term Management Plan

We have formulated a new medium-term management plan covering fiscal 2026 through fiscal 2028. Under the plan, we aim to restore ROE, which declined significantly as a result of the sharp drop in profit in fiscal 2025, to 8% by fiscal 2028. For capital allocation during the plan period, we plan to invest approximately ¥100 billion in total, comprising ¥63 billion in capital expenditures and ¥40 billion in growth investments, including M&A. Although we plan to reduce the dividend in fiscal 2026, the three-year plan assumes an average annual dividend of ¥60 per share by expecting to pay approximately ¥12 billion in dividends. While repaying borrowings, we will further improve the efficiency of Group-wide cash management and generate additional funds to meet funding needs that cannot be covered by operating cash flow. We will also improve asset efficiency, with the aim of achieving total asset turnover of 1.1 times by fiscal 2030. While maintaining financial soundness remains essential, we also intend to utilize external financing as necessary to fund growth. Accordingly, we have decided not to set the equity ratio as a financial target.

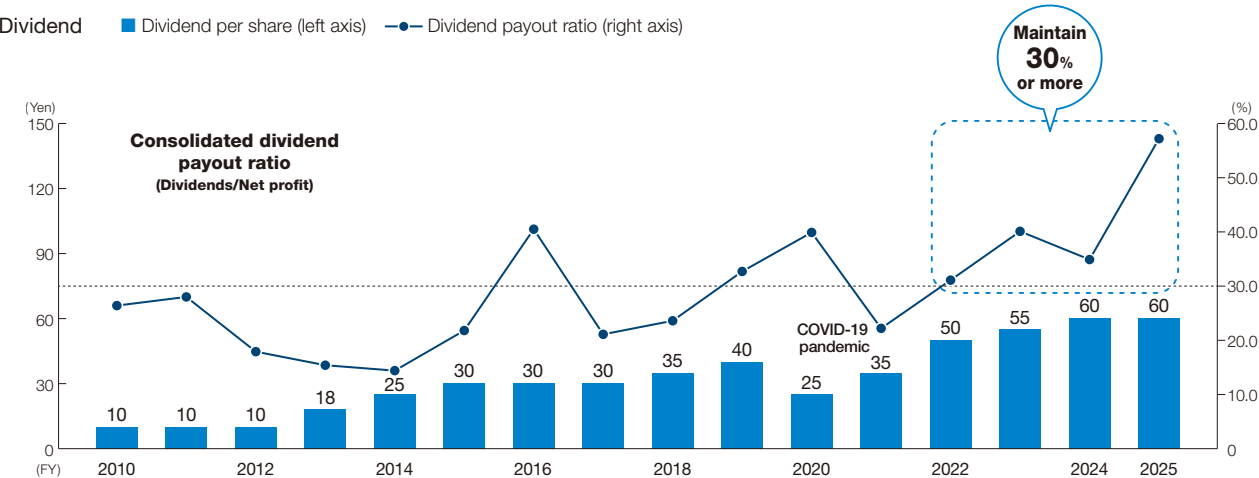
Shareholder Returns

In fiscal 2025, although our earnings declined significantly, we provided shareholder returns in line with our policy of maintaining stable dividends and a dividend payout ratio of 30% or more. Looking ahead to fiscal 2026, uncertainty over the economic outlook remains high amid further increases in geopolitical risk, rising prices for petroleum-derived products, and concerns over their supply. Against this backdrop, in our earnings forecast, we assume that elevated raw material prices will continue. In addition, the absence of the extraordinary gain recorded in fiscal 2025 is expected to result in a decline in net profit. Accordingly, while maintaining a dividend payout ratio of 30% or more, we have announced a reduction in the dividend for fiscal 2026. As the executive responsible for Accounting and Finance, I believe we must restore our earnings power and enhance corporate value by building the earnings structure set out in our medium-term management plan, thereby meeting the expectations of our shareholders, business partners, employees, and other stakeholders. We appreciate the continued support and cooperation of all our stakeholders.

Capital Allocation



Dividend



Connector Business

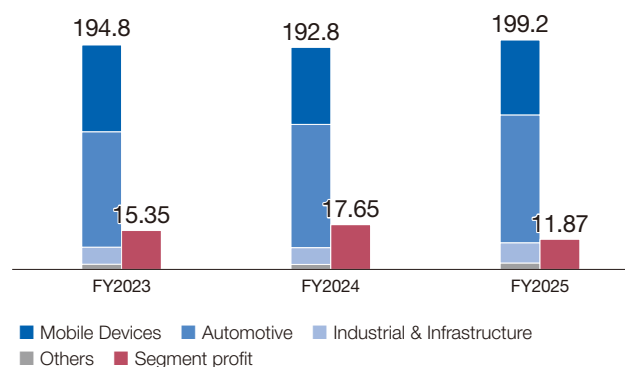


Yoshifumi Kubota
Associate Senior Vice
President
In charge of the Connector
Business

The Connector Business manufactures and sells connectors used for electrical connections across a wide range of markets, including Mobile Devices, Automotive, and Industrial & Infrastructure, under the keyword “connect.” In fiscal 2025, net sales increased, mainly in the Automotive and Industrial & Infrastructure markets. Profitability, however, deteriorated significantly due to soaring prices for raw materials, particularly gold, intensifying price competition, and emerging manufacturing issues. Going forward, we will further strengthen advanced technology development and accelerate the shift toward high-value-added areas through portfolio transformation. At the same time, we will rebuild our earnings foundation by strengthening our manufacturing capabilities and advancing cost improvement initiatives, including reducing material usage. By market, we will focus on high-value-added areas in Mobile Devices; improve profitability through production automation and strengthen our presence in North America and India/ASEAN in Automotive; expand into new fields in Industrial & Infrastructure; and pursue expansion into the Aviation & Space market in the United States. In addition, the User Interface Solutions Business was integrated into the Connector Business from fiscal 2026, and we will work to establish new growth drivers.

The Connector Business manufactures and sells connectors used in a wide range of fields. These include connectors for Mobile Devices, primarily smartphones; Automotive applications, including information and communication systems such as ADAS-related products for in-vehicle cameras, as well as body and powertrain systems such as ECUs; and Industrial & Infrastructure applications, primarily factory automation and machine tools and communications network equipment.

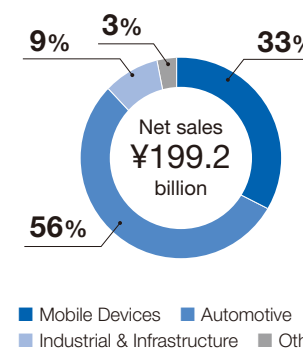
Net sales by market segment (billions of yen)



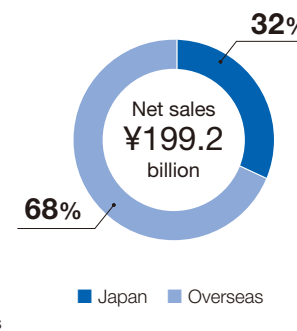
Competitive Advantage

Drawing on our comprehensive technological capabilities, we meet the needs of a wide range of customers. These capabilities include ultra-miniaturization technologies that save space while maintaining ease of assembly for internal connectors used in smartphones, the high level of safety performance required of automotive connectors, and expertise in waterproofing, oil resistance, and vibration resistance to withstand the harsh operating environments of industrial equipment. In addition, by accumulating production engineering expertise through in-house production, we have pursued extensive automation and labor savings using high-speed automated assembly equipment developed in-house. By establishing a system capable of high-volume production within a short period of time and an integrated in-house production system operating 24 hours a day, seven days a

Net sales composition ratio by market segment (FY2025)



Net sales composition ratio by region (FY2025)



week, we are able to provide customers with a stable supply of high-quality products. Moreover, by actively participating in organizations responsible for drafting various standards, not only have we been able to take a leadership role in standardizing connectors supporting USB Type-C® and HDMI™ standards, but we are also able to contribute to customers' innovation by leveraging our global marketing approach to provide proposals at an early stage.

We rank eleventh globally among connector manufacturers in terms of net sales and are engaged in business across the Mobile Devices, Automotive, Industrial & Infrastructure, and Consumer Products markets on a comprehensive and global basis. By taking a comprehensive approach to multiple markets, we can apply technologies developed in one market to others.

Business Segments

Connector Business

● Looking Back on Fiscal 2025

Net sales in fiscal 2025 were 103% of the previous fiscal year's level. In the Mobile Devices market, although sales of USB Type-C products for ICT equipment increased, lower sales for smartphones resulted in net sales falling below the previous fiscal year's level. In the Automotive market, despite the impact of lower demand in Europe, sales expanded, mainly for ADAS^{*1} products to major Japanese customers. In the Industrial & Infrastructure market, we captured recovering demand for factory automation and machine tool applications, particularly in the second half of the fiscal year. As a result, net sales for the business as a whole increased year on year.

In terms of profit, segment profit decreased by ¥5.79 billion year on year to ¥11.87 billion. This was due to a combination of factors, including soaring prices for raw materials such as gold, one of the main materials used in connectors; lower selling prices amid intensifying competition, particularly in the Mobile Devices market; a deterioration in the product mix resulting from changes in the sales composition by market; and higher costs associated with new product launches.

Looking back on the Medium-term Management Plan period from fiscal 2021 through fiscal 2025, net sales declined in the Mobile Devices market, where competition in the smartphone market intensified, and in the Industrial & Infrastructure market, where market conditions remained sluggish from fiscal 2023 onward. In the Automotive market, we were able to increase sales, mainly of ADAS harness products, but profitability deteriorated as we were unable to fully resolve manufacturing issues. In addition, we were unable to respond swiftly to rising raw material prices and other costs. As a result, growth in net sales for the business as a whole stagnated, while profitability declined significantly.

● Strategies for Growth

In the near term, we aim to steadily restore our earnings power while securing new growth drivers for the future.

Raw material prices, which were one factor behind the

deterioration in profitability in fiscal 2025, are expected to remain high. We will therefore pursue selling price increases in response to these conditions while accelerating efforts to reduce material usage and improve efficiency and lower costs through process reforms. We will also use the upfront investments we have made in new product development to lay the foundation for portfolio transformation and accelerate our shift toward high-value-added areas.

In the Mobile Devices market, we will target highly profitable, high-end products and concentrate our development resources in these areas, while also leveraging Kyocera's development resources to improve development efficiency. In the Chinese smartphone market, we will withdraw from the mid- and low-end segments and work to restore profitability by selectively pursuing customers and business opportunities.

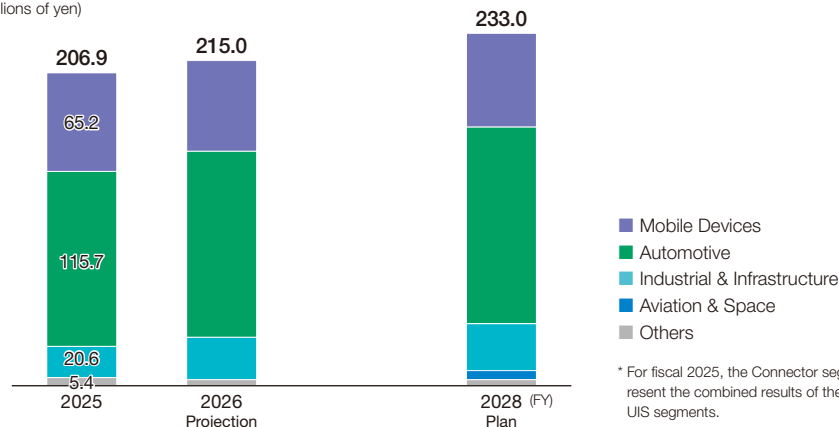
In the Automotive market, we will expand profits from our core ADAS products by improving profitability through greater production automation at our manufacturing sites in Japan and overseas. We will also sustain growth in the Automotive market by expanding our presence in the motorcycle and electric vehicle markets, primarily in the growth markets of India/ASEAN and the United States. In the Industrial & Infrastructure market, we will capture demand

from customers in Japan, where the recovery trend is expected to continue, and increase sales by leveraging existing products. For overseas market development, we will accelerate our expansion into Europe through collaboration with the Kyocera Group. We will also launch new products targeting emerging areas expected to expand, such as data centers and physical AI, while leveraging alliances.

As a new key market, we are also targeting the space sector, where we have strengths, with a focus on the growing U.S. satellite business. We aim to enter and expand our business in this sector and are already pursuing numerous business opportunities. In our collaboration with Kyocera, we will also consider leveraging its customer base to expand the application of our high-quality connectors in the Aviation & Space field. In pursuing these strategies, we will simultaneously strengthen our business foundation through initiatives including "resource shifts based on clearly defined areas to strengthen and scale back," "advanced technology development based on technology roadmaps," and "cost reductions through fundamental reforms in procurement and manufacturing methods," thereby ensuring the achievement of our plan.

^{*1} ADAS: Advanced Driver-Assistance Systems

Net sales (billions of yen)



^{*} For fiscal 2025, the Connector segment figures shown represent the combined results of the former Connector and UIS segments.

Column

Connectors Contributing to Automation and Labor Savings

At production sites, the adoption of robots and automated equipment is accelerating to improve productivity, quality and labor-saving, and this demand is expected to continue expanding.

Self-propelled robots used for in-plant material transport are one example. For stable operation of these robots, the reliability of automatic charging is a critical issue that directly affects operating rates and operational efficiency.

To meet these needs, JAE has developed and launched the DW15 Series, which features a proprietary floating mechanism and busbar contact structure for automatic charging, enabling reliable automatic mating and rapid charging.

In addition, as factory automation creates growing demand for robots capable of performing precision work in confined spaces and working collaboratively with people, JAE has launched the KN07 Series for supplying power to compact, space-saving robots and collaborative robots.

Its compact, high-density design significantly reduces both the installation footprint and overall volume compared with conventional connectors. We will continue to develop connectors that meet diverse and evolving needs.



DW15 Series

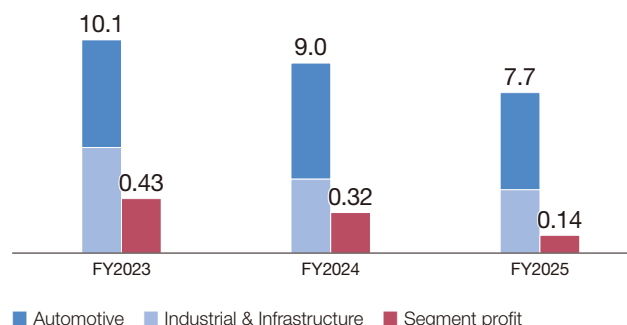


KN07 Series

Connector Business (Former User Interface Solutions Business)

The User Interface Solutions Business manufactures and sells products for automobiles, such as automotive capacitive touch panels, and products for industrial & infrastructure uses, such as various types of touch panel monitors and operation panels for industrial machinery and medical equipment. Following a review of the business portfolio, the business was integrated into the Connector Business from fiscal 2026.

Net sales by market segment (Former User Interface Solutions Business) (billions of yen)



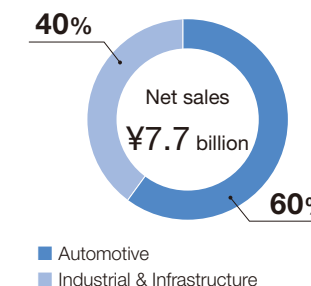
● Competitive Advantage

We have been engaged in the development of capacitive sensors used for touch input for many years and have contributed to improving the usability of automotive displays. In addition, in response to the increasing size of displays and the diversification of design needs, we offer our core technologies integrating printing, bounding, and other technologies with superior materials under the FLEXCONVERT™ brand, as represented by film-type metal mesh sensors manufactured using the Company's proprietary printing methods.

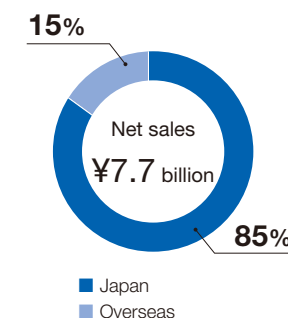
● Looking Back on Fiscal 2025

Net sales for the business as a whole were 86% of the previous fiscal year's level, reflecting the continued contraction of our Automotive business due to technological changes in automotive displays and, in the Industrial & Infrastructure market, a delayed recovery in demand as well as continued postponements of customers' sales plans even for projects in which our

Net sales composition ratio by market segment (Former User Interface Solutions Business) (FY2025)



Net sales composition ratio by region (Former User Interface Solutions Business) (FY2025)



products had already been adopted.

In terms of profit, despite efforts to control fixed costs, lower net sales resulted in segment profit of ¥140 million, down ¥180 million year on year.

● Growth Strategy

In light of the contraction in the scale of the business, we will clearly define the products and areas on which to focus. We will concentrate resources on areas where we can leverage the core technologies we have cultivated, such as display units for the Industrial & Infrastructure market and film heaters for the Automotive market, with the aim of returning the business to growth. At the same time, we will identify areas to be gradually scaled back and work to improve profitability. Through the integration into the Connector Business, we will also improve efficiency by consolidating management resources while seeking to generate synergies in customer and technology areas common to both businesses.

Aerospace Business



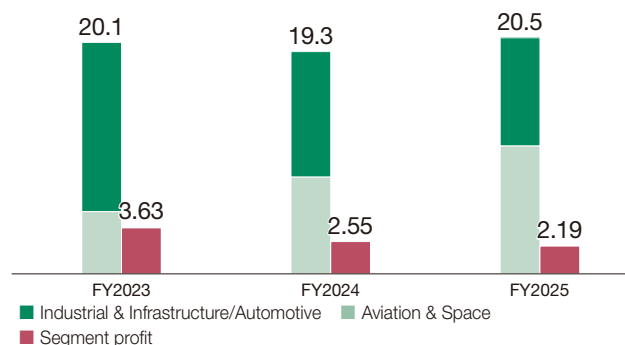
Masaki Yamada

Associate Senior Vice President
In charge of the Aerospace Business

The Aerospace Business applies its core technology of “Motion Sensing & Control” to a broad range of inertial sensors, including gyroscopes and accelerometers, and related products for the Aviation & Space and Industrial & Infrastructure markets. In fiscal 2025, sales of oil drilling-related products and products for semiconductor manufacturing equipment declined, while the defense business grew significantly, driving the Aerospace Business to record-high net sales. In the oil drilling field, we acquired Tooltronix, which operates a business in MWD (Measurement While Drilling) tools that are becoming increasingly important for safe and efficient drilling, taking a significant step toward future growth. Going forward, we will pursue sustainable business growth by leveraging our strengths in highly reliable, high-precision technologies to capture medium- to long-term demand growth in Aviation & Space. In Industrial & Infrastructure, we will achieve sustainable growth by expanding our business domains and creating new markets, primarily in oil drilling and semiconductor manufacturing, while contributing to safety and security in society and to more efficient operations in the energy and industrial sectors.

The Aerospace Business manufactures and sells electronic equipment for aviation & space, such as flight control equipment, inertial navigation systems and radar altimeters, and products for industrial machinery, infrastructure such as anti-vibration control and drive equipment for semiconductor manufacturing equipment, and sensor packages for oil drilling.

Net sales by market segment (billions of yen)



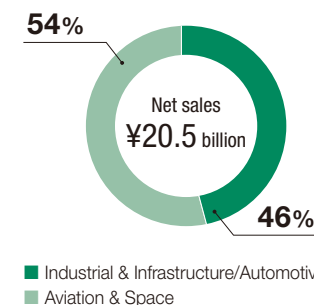
• Competitive Advantage

We have constantly focused on cultivating aviation & space electronics technology since the Company's founding and have retained technological capabilities that are top class globally in this field. We independently develop, manufacture, and supply inertial sensors (gyroscopes and accelerometers), which are key devices, as well as applied products. Furthermore, we have broadly deployed in commercial markets the technological capabilities we have cultivated in the Aviation & Space market to withstand harsh environments involving vibration, impact, and extreme temperatures, creating and providing highly accurate and highly reliable products.

• Looking Back on Fiscal 2025

In fiscal 2025, our net sales were ¥20.5 billion, 106% of the previous year. In the Industrial & Infrastructure market, sales of sensors for oil drilling declined due to low crude oil prices. Meanwhile, sales in Aviation & Space continued to increase, driven by higher demand for defense equipment amid expanding defense budgets. Segment profit decreased by ¥360 million year on year to ¥2.19 billion, due to lower sales in the highly profitable Industrial & Infrastructure market.

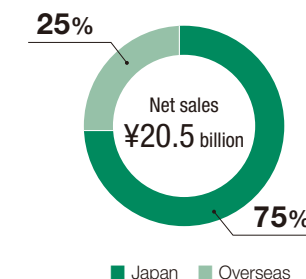
Net sales composition ratio by market segment (FY2025)



• Growth Strategy

We aim to build a business that combines stability and profitability by expanding our steadily growing defense business and broadening the portfolio of highly profitable products for the Industrial & Infrastructure market. In the defense field, given the continued solid demand, we will further strengthen our development framework while expanding production capacity. Through these efforts, we will steadily capture demand for new defense equipment and establish the business as a stable earnings base. At the same time, we will promote forward-looking initiatives for the next generation, including the development of ultra-high-sensitivity inertial sensors through industry-academia collaboration, with the aim of strengthening our competitiveness over the medium to long term. In the Industrial & Infrastructure market, particularly in oil drilling, we will make maximum use of the product lineup, technologies, and expertise of Tooltronix acquired through the business transfer from Alberta in Canada. By developing new high-value-added products, we aim to further strengthen our competitiveness and earnings power. We will also focus on areas such as products for semiconductor manufacturing equipment and sensor-based products, with the aim of building new business pillars alongside oil drilling.

Net sales composition ratio by region (FY2025)



Research & Development

Approach to R&D

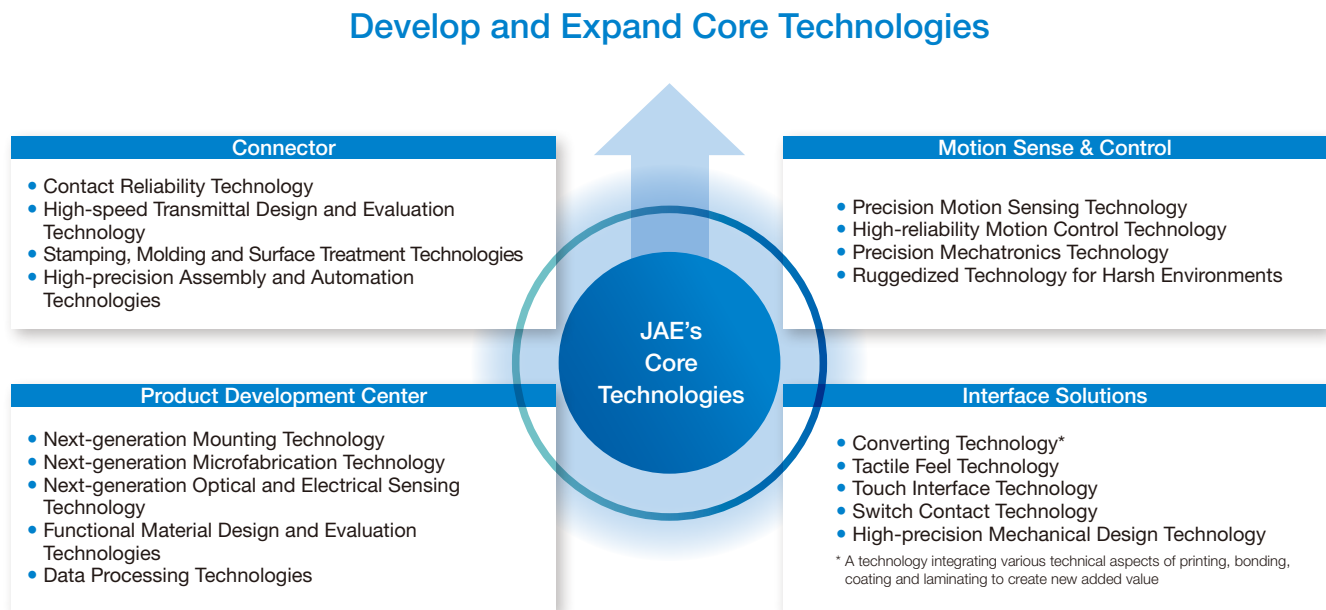
Based on the corporate philosophy of “Explore, Create and Practice,” since the Company’s founding, the JAE Group has worked on R&D in order to open new doors that will realize innovation for society and customers as a technology and product creation company.

We develop new products while strengthening three core technologies: connection technologies that meet needs for high-speed transmission, high-current capacity, and ultra-compact designs; user interface technologies that connect information and people with equipment through input devices; and motion sensing & control technologies that detect and control motion with high precision. By developing and proposing creative products through the advancement of these core technologies and technological collaboration across divisions, we will create social value through co-creation with customers and contribute to resolving social issues through our business activities.

Initiatives

• Product Development Center

The Product Development Center carries out R&D for business potential research and planning that aims to develop new business domains, collaborative R&D between departments that contributes to each business department’s future business vision, and R&D of fundamental technologies that contributes to strengthening production engineering at existing businesses. For business potential research and planning, we listen to the opinions of future users by actively participating in exhibitions and academic associations, and make efforts to create new businesses out of areas that are not growing in existing businesses. For collaborative R&D between departments, we aim to propose new products and to anticipate customer requests by identifying basic research technological issues through problem solving on site. For R&D of fundamental technologies, we aim to fuse applied research for product creation, which departments have promoted, with scientific knowledge that we have discovered before anyone else in the world.



• Connector Business

The Connector Business advances research in order to develop connector products that can be used even more comfortably and securely by customers. To accomplish this, the Connector Business conducts research into the acceleration of next-generation communication connectors, the increase of current for EV connectors, the reduction of size and thickness of connectors for mobile devices, the increase of functionality, such as active fiber cables, and the creation of new value, such as smart textile connectors, as well as promotes analysis and evaluation with the principal objectives of extending the life of connectors and increasing reliability, such as through designs resistant to electromagnetic waves and noise. In Interface Solutions, we are advancing R&D on switches, sensors, and overlays (covers), which are our core technologies. Through R&D that addresses increasingly diverse and sophisticated needs, we are strengthening the core elements of “FLEXCONVERT™,” our technology brand.

• Aerospace Business

To realize “Motion Sensing & Control,” we have four core technologies: highly precise motion sensing, highly reliable motion control, precise mechatronics, and resistance to extreme environments. Leveraging these core technologies, we carry out R&D that focuses on reliability and environmental resistance to play an active role in the defense and space market, the semiconductor manufacturing equipment market, and the oil drilling market, as well as in the expanding autonomous driving market for drones, construction machinery, and other applications.

Intellectual Property

Basic Policies

The JAE Group protects and utilizes intangible assets such as technology, know-how and brands as intellectual property in an appropriate manner, contributing to sustainable growth and greater competitiveness of the Company. We are moving ahead acquiring intellectual property rights such as patent rights, design rights and trademark rights, while also respecting the intellectual property rights of other companies and building investigation and management systems for preventing any infringements. We also ensure appropriate use and management of intellectual property, including associated information.

• Strategies

The JAE Group views intellectual property as an essential management resource for increasing medium- to long-term corporate value and establishing a competitive edge. Management, business, and intellectual property divisions work together to pursue activities centered on the following four strategies. We also continue to strengthen intellectual property human resource development and governance.

1. We enhance our business strengths by acquiring intellectual property rights

We identify our distinct technologies and differentiators generated throughout all processes, from R&D to design, manufacturing, and quality assurance, and strategically acquire intellectual property rights in line with our business growth scenarios. Taking into account market scale, customer locations, and supply chains, we systematically acquire rights in major countries and build an intellectual property portfolio that supports overseas expansion. We also use IP landscape (IPL)* analysis to visualize changes in markets, competitors, and technologies and support decision-making regarding investments, development, alliances, and business exits.

* Analysis incorporating intellectual property information into market information and other business information

2. We acquire robust intellectual property

We place priority on creating and acquiring “robust patents” that

are highly practical and difficult to imitate or design around, and ensure broad protection through claim drafting and related patent filings. We protect core technologies from multiple angles through an “intellectual property mix” of patents, design rights, and trademarks, while keeping manufacturing processes and other technologies confidential as know-how and using intellectual property to communicate brand value.

3. We uphold intellectual property rights held by other companies

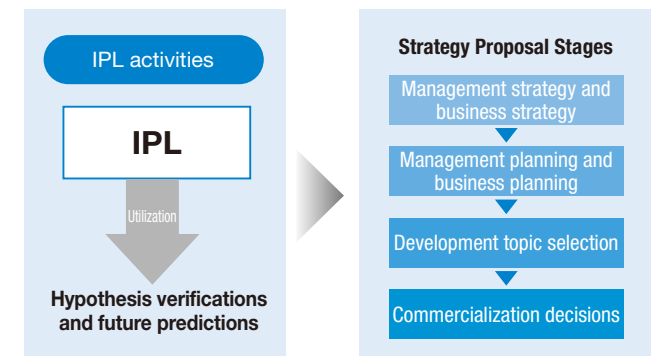
We conduct thorough searches from the initial stages of product planning and reduce risks before they arise, including through design changes, consideration of alternatives, and contractual measures. By improving the accuracy of intellectual property rights clearance, we enable smooth business operations and reliable product development.

4. We embrace our commitment to product development of our intellectual property divisions

Our intellectual property division participates in important development projects from an early stage and provides integrated support for applications, searches, contracts, and dispute handling. We hold regular review meetings with patent management supervisors and administrators in each business division, aiming to conduct effective filing activities based on development schedules and competitor trends and to firmly establish the use of intellectual property.

• Initiatives

We began full-scale roll-out of IPL in fiscal 2024 and are advancing initiatives to use intellectual property information to construct hypotheses for commercialization decisions and future predictions. In the Connector Business in particular, through regular meetings between the intellectual property division and the planning and strategy functions of the business division, we continuously carry out a cycle from setting research themes and considering strategies based on analysis results to organizing issues for the next round of consideration. Through this process, we are building a foundation for using IPL in planning and strategy formulation. In IPL analyses, we integrate market, competitor, and technology trends with patent information to deepen our understanding of our strengths and competitive position, and the intellectual property division shares the findings with business divisions. In fiscal 2025, we conducted in-depth analyses of individual areas positioned as important to our growth strategy, including Aviation & Space, physical AI, and post-smartphone technologies, and extended our analysis to identifying areas requiring advanced technology development. We are also introducing AI and patent analysis tools and developing human resources through collaboration with external specialist organizations, while working to enhance and firmly establish IPL-based analysis. Going forward, building on these activities, we will expand their scope company-wide and use them to formulate more specific and effective strategies.



JAE Group's Approach to Sustainability Management

Sustainability Policy

The JAE Group aims to grow as a responsible member of society by contributing to the resolution of social issues, in accordance with our corporate philosophy of "Explore, Create and Practice" and our Charter of Corporate Behavior.

Through our innovative and creative technologies and development capabilities, we aim to enhance our corporate value in five key areas: Connected Society, Safe Mobility, Clean Energy, Industrial Innovation, and Air, Space and Ocean. Additionally, we strive to create social value through collaborative creation with our customers, contributing to the sustainable development of society.

Reinforced Sustainability Management of Our Group

The JAE Group has established and operates a Sustainability Promotion Committee chaired by the President, comprising corporate officers and heads of departments responsible for sustainability issues, with the Sustainability Promotion Office as its secretariat.

The Committee deliberates on and formulates sustainability management policies and strategies, decides on specific measures, and gives instructions. Particularly important matters are reported to the Management Committee and the Board of Directors as appropriate, enabling management to properly manage and oversee sustainability-related risks and opportunities.

By advancing initiatives on the material issues identified, we will further strengthen sustainability management and enhance corporate value.

JAE Group Charter of Corporate Behavior

Based on our corporate philosophy, "Explore, Create and Practice," the JAE Group will continue to expand efforts to maintain a fair profit, increase corporate value, and contribute to the creation of sustainable growth in society. At the same time, as a good corporate citizen, we will abide by relevant laws and rules, and fulfill social responsibilities toward customers, stockholders and investors, business partners and other related persons in the community at large.

 JAE Group Charter of Corporate Behavior can be found here:
<https://www.jae.com/en/csr/charter/>

- | | |
|---|--|
| 1. Fair and Honest Corporate Activities | 5. Harmony with Society |
| 2. Pursuit of Customer Satisfaction | 6. Respect of Human Rights |
| 3. Disclosure of Corporate Information | 7. Respect for Employees' Individuality and Personality |
| 4. Harmony with the Environment | 8. Management of Intellectual Properties and Information |

Structure



Disclosure of Multi-Stakeholder Policy

In accordance with its Multi-Stakeholder Policy, the JAE Group is appropriately distributing earnings and outcomes derived from appropriately working with multiple stakeholders.

● Multi-Stakeholder Policy

Recognizing that value co-creation with a diverse range of stakeholders, including but not limited to shareholders, employees, business partners, customers, creditors, and local communities, has become increasingly important in corporate management, we are committed to appropriate collaboration with our stakeholders. We also consider returns to employees and consideration for business partners to be important, as the appropriate distribution among stakeholders of earnings and outcomes generated through value co-creation and productivity improvements helps maintain momentum for wage increases and contributes to sustainable economic development. In these areas, we seek to improve employee engagement and productivity by concentrating management resources in growth areas and developing employee capabilities, while promoting collaboration and mutual prosperity throughout the supply chain based on our Declaration of Partnership Building.

 The full text of our Multi-Stakeholder Policy can be found here:
<https://www.jae.com/csr/multi-stakeholder/> (in Japanese)

Environment

Approach

To promote sustainability management, the JAE Group has advocated “harmony with the environment” in the “JAE Group Charter of Corporate Behavior” and promotes environmentally friendly corporate activities that respect the natural environment. Of the environmental challenges that are present, the JAE Group recognizes that measures against climate change, promotion of a circular economy, and conservation of biodiversity are key social issues, and by working to resolve them, the Group will strive to increase corporate value and achieve sustainable growth. For details of our environmental activities, please see our Environmental Report.

 Our Environmental Report can be found here:
<https://www.jae.com/en/csr/eco/report/>

Measures against Climate Change

The JAE Group regards measures against climate change as the

most important environmental issue and has prioritized energy conservation. In addition, we have introduced electricity from renewable energy sources for purchased electricity, a major source of CO₂ emissions, and installed solar power generation facilities at our business sites. As a result, greenhouse gas emissions in fiscal 2025 were down 74.7% from fiscal 2017, being close to our target of a 75% reduction by fiscal 2030. Going forward, we will step up efforts to reduce greenhouse gas emissions including at our overseas plants and among our suppliers. To advance energy conservation, the JAE Group will establish Group-wide energy-saving targets and centrally manage progress toward them.

● Disclosure Based on the TCFD Recommendations

Our Policy

Regarding issues related to climate change as important management issues, the JAE Group analyzes the risks and opportunities

presented by climate change, and promotes initiatives through its business activities with the aim of achieving sustainable growth.

Governance

To advance sustainability management, the JAE Group has established the Sustainability Promotion Committee, chaired by the President and comprising corporate officers and the heads of departments responsible for sustainability-related issues. The Committee deliberates and formulates sustainability management policies and strategies, decides on specific measures under the sustainability strategy and gives instructions. Particularly important matters are reported as necessary to the Management Committee and the Board of Directors, ensuring that the management appropriately manages and oversees sustainability-related risks and opportunities. Significant risks arising from natural disasters associated with climate change and environmental regulations are deliberated by the Corporate Risk Management Committee.

Impact analysis by scenario

	Possible climate futures	Possible impacts
4°C scenario	Regulations addressing climate change and initiatives for low-carbon are particularly weak in developing countries and insufficient even in developed countries. As a result, reduction in CO ₂ emissions is inadequate, leading to further progress in global warming and the expected increase in natural disasters as outlined below: • Rising sea levels due to melting of glaciers and polar ice. • Floods cause by extreme rainfall and large typhoons. • Droughts, water shortages, and decreases in groundwater levels due to insufficient rainfall.	• The intensification of natural disasters may lead to factory shutdowns and disruptions in supply chains, thereby affecting production, logistics, and society as a whole. • Efforts to reduce CO₂ emissions are not progressing, particularly in emerging countries, resulting in the continuation of fossil fuel-consuming businesses.
1.5°C scenario	Efforts toward decarbonization are being actively pursued on a global scale, leading to widespread initiatives that significantly advance the reduction of CO ₂ emissions. Consequently, it is anticipated that the progress of global warming will be mitigated, resulting of the following outcomes. • The implementation of stringent regulations such as carbon taxes. • A reduction in temperature rise compared to current levels, with a limited increase in the frequency of natural disasters.	• The introduction of carbon taxes and proliferation of clean energy will lead to a sharp increase in energy prices including electricity, as well as rising cost for raw materials affecting the procurement of components. • There will be heightened demands from society and customers for CO₂ reductions, which may impact business operation if not adequately addressed. • The demand for fossil fuels related businesses is expected to decline. • Investments in renewable energy and energy-efficient technologies will increase, stimulating research & development and product innovation in these areas.

Risks and opportunities

Risks and Opportunities			Description	Term	Impact	Countermeasures
Risks	Transition risks (1.5°C)	Policy and Regulation risks	Increased costs due to strengthened laws and regulations on CO2 emissions and energy use, such as carbon taxes	Medium to long term	High	Promotion of various energy-saving initiatives
		Technology and Market risks	A decline in market share due to delays developing new products aimed at a decarbonized society and responding to market needs	Medium to long term	High	Development of new products and business transformation geared towards decarbonization
		Reputation risks	A decline in stakeholder evaluation due to delays in addressing climate change initiatives, resulting in lost business opportunities, and a decrease in corporate value	Short to medium term	Medium	Strengthen efforts for sustainability management
	Physical risks (4°C)	Acute risks	Suspension of factory operations and disruption of supply chain due to intensified natural disasters such as typhoons and floods	Short to long term	High	Strengthen business continuity plans
		Chronic risks	Increase in air conditioning costs due to the permanence of rising temperatures	Long term	High	Introduction of highly-efficiency facilities and equipment
Opportunities (1.5°C)		Resource efficiency	Expansion of market demands associated with the transition to a circular economy	Medium to long term	Medium	Development of products that accommodate material saving, recycling, and reuse
		Energy source	Utilization of energy sources contributing to decarbonization, and efficiency of energy use	Short to long term	Low	Utilization of renewable energy and development of energy-saving equipment
		Products, services, markets	Development of products contributing to decarbonization and expansion of sales	Short to long term	High	Development of new products aimed at decarbonization and business transformation

* The level of impact is assessed considering both occurrence frequency and financial implications.

Strategies

With regard to climate change, the JAE Group used information from the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA) to identify risks and opportunities based on analyses of 4°C and 1.5°C scenarios, and assessed their potential impact on its businesses. We plan to analyze and disclose specific estimates of financial impact in the future and are making preparations accordingly.

Risk Management

The Sustainability Promotion Committee and Corporate Risk Management Committee identify, evaluate, monitor, and manage issues in the Company's five key areas of focus that present opportunities to enhance corporate value by creating social value through co-creation with customers and contributing to the sustainable development of society, as well as risks that could impede the JAE Group's sustainable growth. Particularly important matters are reported as necessary to the Management Committee and the Board of Directors, enabling management to appropriately understand and oversee the status of risk management throughout the Group. In the event of a climate change-related large-scale natural disaster that disrupts business continuity, a Central Task Force headed by the President is immediately established in accordance with the business continuity plan to formulate and implement appropriate countermeasures.

Targets and Goals

- The JAE Group regards addressing climate change as an urgent priority and aims to achieve carbon neutrality by fiscal 2050.
- To reduce greenhouse gas emissions, we minimize electricity purchases by promoting energy-saving measures, such as enhancing the efficiency of facilities and equipment and switching to LED lighting, while transitioning the electricity we use to renewable energy sources and utilizing in-site power generation.
- The Group has set a target of reducing consolidated total

greenhouse gas emissions (Scope 1 and 2) by 75% from the fiscal 2017 level by fiscal 2030. The Group will also strive to achieve carbon neutrality as early as possible.

● For Scope 3

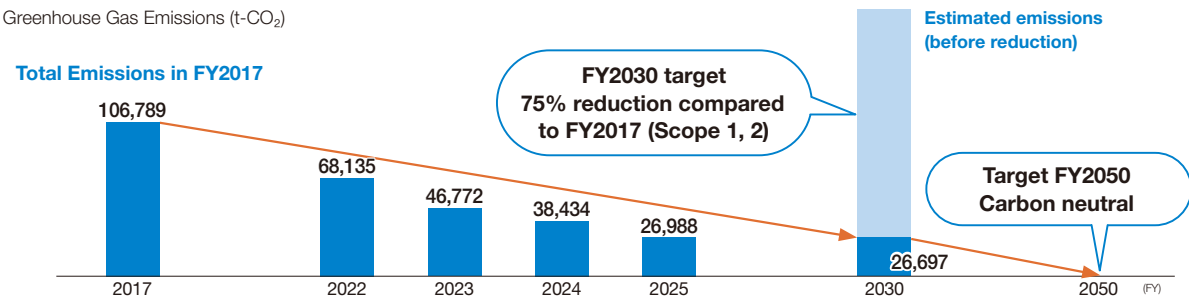
We recognize the importance of reduction of emissions in Scope

3. Therefore, we will continue to work with our suppliers to make efforts for reduction, and are considering setting specific reduction targets.

 "Disclosure based on TCFD Recommendations"
<https://www.jae.com/en/csr/eco/tcfd/>

Greenhouse gas emissions

Total Greenhouse Gas Emissions (t-CO₂)



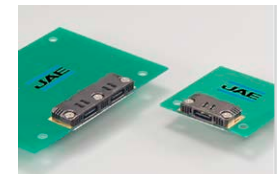
Column

Product Initiatives to Reduce Environmental Impact and Contribute to a Circular Economy

As the transition to a sustainable society has become a shared global objective, the Ecodesign for Sustainable Products Regulation (ESPR), which entered into force in the European Union (EU) in July 2024, introduced design requirements for product reparability, durability, reusability, and recyclability, requiring manufacturers to address environmental impact reduction and the circular economy from the product design stage. In France, the Repairability Index was introduced, under which electronic devices such as notebook PCs are rated on a 10-point scale against five criteria, including ease of disassembly, required tools, spare parts availability and pricing; disclosure of this information to consumers is mandatory.

To support these initiatives, JAE has added to its lineup a compression-type* USB Type-C receptacle connector that allows for easy replacement without soldering. With conventional connectors mounted directly to a board by surface mounting, damage to the connector required the entire board to be replaced. The new product uses a structure that allows only the connector to be replaced, easily with just one screwdriver. By helping electronic equipment that uses this product comply with the ESPR and Repairability Index, it will contribute to sustainable product development.

* Compression type: A solderless structure in which spring-loaded contacts are pressed against pads on the board to establish an electrical connection with the board circuitry.



Activities in Biodiversity

● Declaration on Biodiversity Initiatives

The JAE Group reviewed its environmental policy in 2009 and incorporated respect for biodiversity into its basic philosophy.

Since then, we have sought to recognize that human life benefits from many living organisms and that our business activities can have a considerable impact on them.

The JAE Group does not directly depend on biological resources for raw materials in its business activities. However, we understand that implementing and enhancing day-to-day environmental management activities, including measures to address climate change, resource conservation, and chemical substance management, constitute action on biodiversity. We have set out the following items in our Declaration on Biodiversity Initiatives and intend to continue these conscientious activities in a balanced, measured manner.

1. Promotion of environmental management with a respect for biodiversity
2. Raising biodiversity awareness and supply chain deployment
3. Promotion of biodiversity protection activities in collaboration with local communities including the JAE Group Forest

JAE Group Forest

In fiscal 2004, the JAE Group established the “JAE Group Forest” as a symbol of environmental management, with the aim of restoring and conserving forests.

In addition to providing Group employees with opportunities to raise environmental awareness through tree planting and underbrush clearing, these activities contribute to a prosperous and sustainable society by absorbing greenhouse gases (CO₂) and replenishing water sources. In fiscal 2025, employee representatives again took part in an event that included hands-on forest

conservation work and a survey of tree species in the forest, helping to conserve the JAE Group Forest and enhance employees’ environmental awareness.



Removing wildlife protection netting

CO₂ absorption by Japanese cypress and broadleaf trees:
approx. 5.3 t-CO₂ per year
Estimated groundwater recharge: approx. 5,320 m³ per year



The following URL is a video showing the JAE Group Forest:
<https://www.youtube.com/watch?v=10Gdsm5qJJk>

Effective Use of Resources

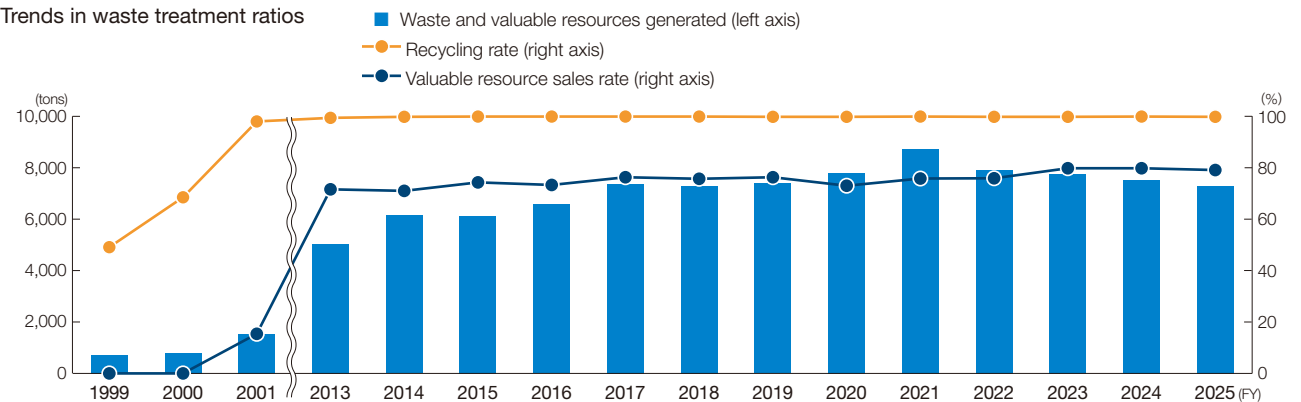
As part of our efforts to use resources effectively, we incorporate environmental considerations from the design stage and work to reduce environmental impact at every stage of a product’s manufacture, use, and disposal.

In particular, we reduce general waste through reduced paper use and promote recycling and the sale of valuable resources through thorough sorting of waste generated by business activities, including scrap plastics and metals.

One example of our fiscal 2025 initiatives was the promotion of the reuse of connector trays, which reduced waste by 43.72 tons compared with fiscal 2024.

The graph below shows the recycling rate. In fiscal 2025, the recycling rate was 99.8%, exceeding the target of 99%.

Trends in waste treatment ratios



Note: Figures for fiscal 1999 and 2000 do not include valuable resources. Data are totals for the Group in Japan.

Diversity Promotion and Human Resources Development

To further enhance the JAE Group's strengths in technology development, product creation and global marketing, we believe it is essential to build an organizational foundation that draws on diverse perspectives and ideas. To this end, we are advancing initiatives in three areas: "promotion of diverse human resources," "enhancement of human resources development," and "improvement of the work environment."

Activities of the Management Talent Utilization Committee

To strengthen the human capital needed to reform our business structure and enhance business competitiveness, thereby supporting sustainable growth and future development, we have established the Management Talent Utilization Committee. The Committee, led by senior management, examines and discusses key human resource issues and specific measures, including optimizing staffing across the Group and making the fullest use of our talent, and formulates and implements measures in response.

In fiscal 2025, discussions focused on key themes such as recruitment and placement and measures to improve employee engagement, and we advanced initiatives to realize a human resources strategy that supports the sustainable enhancement of corporate value.

• Promotion of Diverse Human Resources' Participation and Advancement in the Workplace

We are promoting efforts to realize a work environment where diverse human resources can participate, regardless of age, gender, nationality, or disabilities. Through these initiatives, we will leverage diverse perspectives and ideas to create new value and strengthen our organizational capabilities.

Promotion of Women's Participation and Advancement in the Workplace

As part of our efforts to create an organization where diverse

human resources can thrive, we recognize the advancement of female employees as an important issue. In addition to strengthening recruitment efforts to increase the proportion of female employees, we have set a target of raising the ratio of female managers to 6% or more by fiscal 2030. We are working to create an environment in which female employees can fully demonstrate their capabilities through initiatives such as promotion to managerial positions, career development support, and flexible work arrangements.

We have set a target for women to account for 25% or more of regular hires. By strengthening recruitment, we are securing more female talent while building a pipeline for future promotion to managerial positions and career development.

To promote the appointment of female employees to managerial positions, we formulate development and placement plans and support systematic career development. Through participation in selective external training programs and other initiatives, we seek to foster the capabilities and mindset required of leaders and develop talent who can confidently take on management responsibilities.

We are also actively recruiting experienced female professionals with specialized expertise or management experience. By broadening the pool of female management candidates, we are strengthening the human resources base needed to achieve our target of a ratio of female managers of 6% or more by fiscal 2030.

To support female employees in continuing their careers and playing active roles, the Human Resources Division conducts follow-up interviews with young employees, including women. These interviews give employees an opportunity to discuss concerns about work and their careers with HR staff outside their reporting line, helping them continue working with confidence. We also regularly provide diversity training (focused on the advancement of women) for managers, as part of our efforts to create workplaces where diverse employees respect one another and can make the most of their individual strengths.

Securement of Globally-minded Human Resources

We have production bases overseas and work with customers all over the world, which requires us to recruit globally-minded human resources. We recruit diverse talent regardless of nationality, particularly in technical, sales, and business staff divisions, and enhance organizational diversity to strengthen our competitiveness in global markets and deliver greater value to customers.

Appointment of Experienced Hires to Managerial Positions

Experienced hires account for 25% of all managerial positions as of April 1, 2026, thereby ensuring that we have a diverse pool of talent with varied experiences, knowledge, and skills within the Company. By incorporating new perspectives and ideas, we are strengthening our organizational capabilities and fostering innovation.

Employment of Persons with Disabilities

To enable employees with disabilities to find fulfillment in their work, we tailor job responsibilities to each individual's needs and create a work environment where they can make the most of their strengths.

We will continue to actively employ people with disabilities and fulfill our social responsibilities by expanding employment opportunities.

• Enhancement of Human Resources Development

To respond to rapid changes in the business environment and maintain competitiveness in global markets, we develop our people through a combination of personnel and training systems. In addition to providing systematic training, we have established programs that encourage self-development so that employees can proactively shape their careers with a view to the future. Through these initiatives, we aim to help each employee realize their full potential and achieve sustainable growth in corporate value.

Self-Assessments and Training Systems

Through two-way management, in which employees declare their own work goals and ability-improvement goals and express their commitment to their superiors, we are working to develop our human resources by raising the spirit of taking on challenges and motivation for self-development of each employee.

Career Development Support

We have established a range of career development programs to support employees in taking ownership of their career development and pursuing their career aspirations.

Our self-assessment and internal job posting systems provide employees with opportunities to use their skills and experience to take on new assignments, thereby supporting the right person in the right role and revitalizing the organization. Expansion of open positions and greater awareness of the systems are intended to help each employee achieve their aspirations and improve engagement.

We also provide career training for young employees and support proactive career development by helping them create career plans through dialogue with their supervisors. In addition, we have established an internal internship program that allows employees to gain experience in other departments for a set period, broadening their range of work experience and supporting diverse career paths.

Compensation System

Employee compensation is set at competitive levels based on trends in the external labor market, the business environment, and levels at peer companies, with the aim of attracting and retaining talented people. Specifically, compensation consists of salaries based on the scope of each employee's responsibilities and role, and bonuses that reflect individual performance.

Training Systems

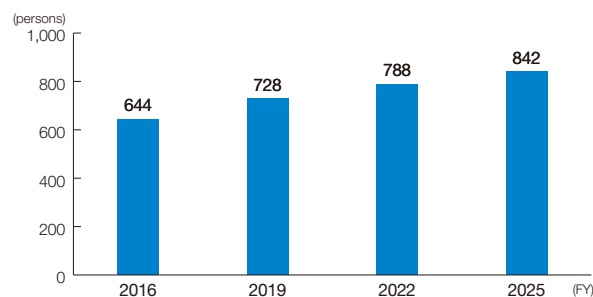
We provide next-generation leader development programs to strengthen organizational and business capabilities, in addition to strengthening management capabilities appropriate to each role. We also support self-directed career development by expanding specialized skills training in areas such as digital transformation, project management, and global communication; providing advanced technology education through industry-academia collaboration; and promoting practical training and certification support aimed at preserving and passing on manufacturing skills. Through these initiatives, we are developing our human resources.

Incentive System for Acquiring National Trade Skill Test Certificates

We promote human resource development to strengthen our manufacturing technologies. In particular, the head office and all of the production Group companies in Japan have been providing support and practical guidance to help employees acquire National Trade Skill Test certificates.

We have also introduced a system that provides financial incentives to employees who obtain certifications, increasing their motivation to enhance their skills. Each year, many employees become certified skilled workers, contributing to the transfer of skills and improvements in manufacturing quality.

Number of Certified Skilled Workers



Initiatives to Improve the Work Environment

We strive to create a safe, employee-friendly work environments, and securing the health and safety of our employees has been positioned as one of the Company's management priorities. Meanwhile, we work on providing flexible work environments where employees are able to choose their own workstyles to maximize work-life balance and to create a workplace where employees can thrive.

Safety Measures

With a target of zero serious work-related accidents, we have established occupational safety and health management systems at each production site and continuously provide occupational safety and health education to raise safety awareness among employees. We also conduct risk assessments when introducing new equipment or chemical substances to ensure safety and prevent health hazards.

To raise safety standards across the Group, we monitor the status of work-related accidents at each production site and hold occupational safety and health meetings involving production sites in Japan and overseas to share information.

Health Promotion Initiatives

To maintain and improve employees' health, we have established a Health Care Center that provides follow-up on health check results and health consultations by physicians and nurses. We also place emphasis on mental health, offering consultations with occupational physicians as well as 24-hour counseling through an external specialist provider.

As part of our health promotion initiatives, we help employees build physical fitness through exercise machines under the guidance of dedicated trainers during lunch breaks and after work, hold in-house sporting events and lectures by occupational physicians, and provide health information through posters on Company premises and the internal portal. We also support employees in maintaining and improving their health through health education addressing women health issues and the

needs of older employees, as well as smoking cessation and measures to prevent secondhand smoke.

Flexible Work Arrangements

To improve operational efficiency and achieve work-life balance, we have introduced flextime and remote work systems and promote flexible working arrangements.

We have also established various programs to help employees balance work with childcare and nursing care. We are also working to encourage male employees to participate in childcare. In fiscal 2025, the childcare leave utilization rate for male employees was 77.4% (103.2% when employees taking childcare-related leave are included)*, while the rate for female employees was 100%.

* The utilization rate of childcare leave, etc. is calculated in accordance with Item 1 of Article 71-6 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ministry of Labor Ordinance No. 25 of 1991), pursuant to the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).

Employee Engagement

We regard building an organization in which each employee works proactively and with motivation and can fully demonstrate their capabilities as an important management issue that underpins corporate value enhancement, and we are working to improve employee engagement.

In fiscal 2025, we revised our engagement survey methodology and conducted the survey across Group companies in Japan. Survey results are shared with management and each organization and used to identify issues and consider and implement improvement measures.

We have also positioned “improving engagement” as one of our material issues and are working to create an environment in which employees find their work rewarding and can fully demonstrate their capabilities. Going forward, we will establish a cycle of continuous improvement through regular surveys and dialogue with employees and work to achieve sustained improvements in engagement.

Fiscal 2025 engagement score: 41%

* Percentage of positive responses to “willingness to contribute through work,” “willingness to recommend the Company,” and “sense of achievement at work”

Sustainable Procurement

The JAE Group believes that achieving sustainable procurement requires consideration of social expectations regarding environmental and human rights issues throughout the supply chain, based on cooperation with its customers and business partners. To gain our suppliers’ understanding and support for this approach, we have established and are operating our Sustainable Procurement Guidelines, which specify what our partners shall comply with.

 Our JAE Group Sustainable Procurement Guidelines can be found here:
https://www.jae.com/files/user/pdf/CSR_en_07.pdf

In addition to recent big earthquakes and abnormal weather events, the JAE Group faces a range of risks, including pandemics caused by infectious diseases and difficulty in obtaining resources associated with geopolitical division. With the growing need to have a BCP in preparation for such risks in advance, we issued and have been implementing the “Supply Chain BCP Guideline” to encourage cooperation and collaboration with our business partners.

 Our JAE Group Supply Chain BCP Guideline can be found here:
https://www.jae.com/files/user/pdf/BCP_jp1.pdf (in Japanese)

Suppliers Surveys

We carry out awareness-raising activities through visits to business partners and administer annual surveys of our main business partners to ensure that they understand the importance of sustainable procurement and BCP, and provide feedback on the results and improvement reports. The response rate has exceeded 90%. Continued implementation of the surveys has steadily deepened suppliers’ understanding of the importance of sustainable procurement and BCP. In fiscal 2025, we set a KPI to achieve a 95% response rate focusing on our primary suppliers, who represent 80% of our procurement expenditures in Japan. As a result, we achieved a response rate of 96.5%.

Declaration of Partnership Building

JAE announced its Declaration of Partnership Building in March 2022 as a commitment to building new partnerships by promoting collaboration, coexistence, and mutual prosperity with business partners in our supply chains and business operators seeking to create value. In February 2026, we updated the declaration in response to revisions to the “Promotion Standards” under the Act on the Promotion of Subcontracting Small and Medium-sized Enterprises.

 JAE’s “Declaration of Partnership Building” can be found here:
[https://www.jae.com/files/user/pdf/partnership\(6\).pdf](https://www.jae.com/files/user/pdf/partnership(6).pdf) (in Japanese)

A Respect for Human Rights

As a company committed to contributing to a sustainable society, the JAE Group recognizes respect for human rights in its business activities as an important responsibility. The JAE Group Charter of Corporate Behavior clearly stipulates respect for human rights and the prohibition of discrimination, child labor, and forced labor, and we conduct our business activities in accordance with these principles. We also disclose our basic approach and policies on human rights on our website in the JAE Group Human Rights Policy and Basic Policy for Procurement, and seek the understanding of our business partners regarding our commitment to respect human rights and prevent human rights violations throughout the supply chain.

 The JAE Group Human Rights Policy can be found here:
https://www.jae.com/en/csr/human_rights/

 Our basic policy for procurement can be found here:
<https://www.jae.com/en/corporate/materials/basic-policy/>

• Promoting Human Rights Due Diligence

We established a human rights due diligence framework in accordance with the United Nations Guiding Principles on Business and Human Rights and revised the JAE Group Human Rights Policy in April 2026. We also reviewed potential human rights issues across the JAE Group and identified salient human rights issues requiring priority attention. Going forward, we will conduct surveys across Group companies to assess actual conditions relating to the identified salient human rights issues and take measures to prevent and mitigate the risks identified, thereby driving continuous improvement. To identify human rights risks in the supply chain, we have also included human rights-related questions in sustainability surveys of major suppliers to assess how they are addressing these issues.

• Human Rights Education

To enhance the effectiveness of our efforts to respect human rights, we continuously provide employees with education on human rights and harassment prevention. We also raise

awareness of consultation channels for human rights violations and harassment and work to create an environment across the Group in which employees can seek advice with confidence.

[Identifying Salient Human Rights Issues]

With support from an external specialist organization, we identified and prioritized adverse human rights impacts through the following process.

- We systematically assessed human rights risks affecting employees, foreign and migrant workers, business partners, employees of contractors, local communities, and other stakeholders in our own operations and across the upstream and downstream value chain.
- Taking into account industry trends, the human rights risks surrounding our business, and country risks in the locations of our business sites and business partners, we reviewed the results of internal assessments, including interviews with major business divisions, manufacturing subsidiaries, and labor unions, human

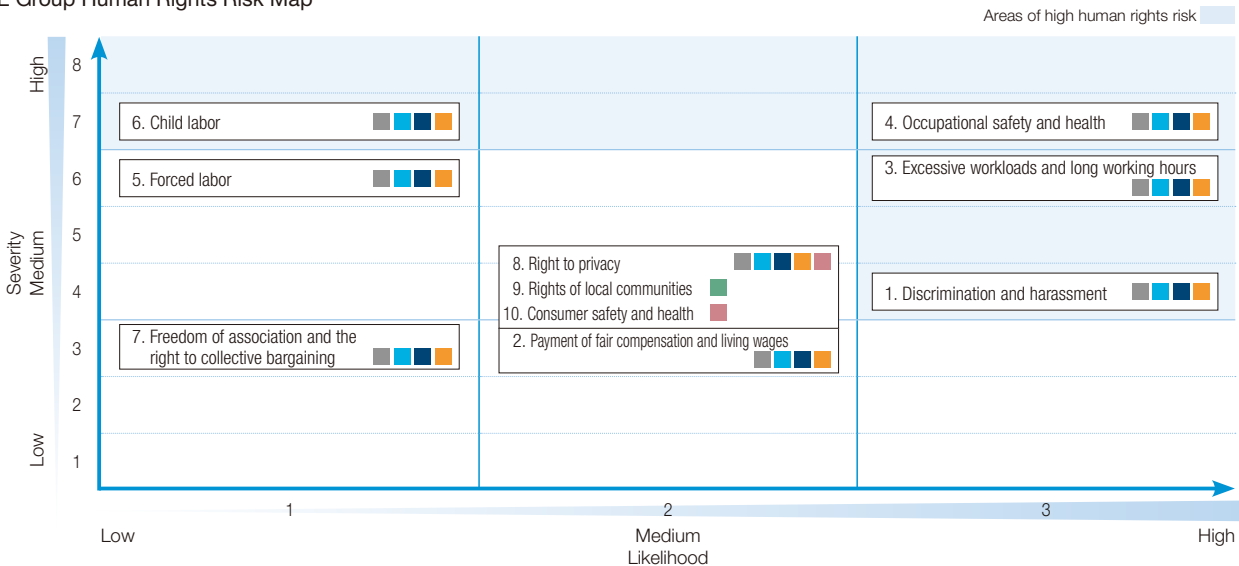
rights-related reports received through the internal reporting system, and employee and supplier surveys, and mapped the risks.

- We evaluated the identified risks in terms of severity and likelihood and prioritized them.

As a result, we identified the following “salient human rights issues” requiring priority attention. In light of the characteristics of our business and the breadth of our supply chain, we recognize these as areas with potentially significant impacts.

Occupational safety and health	Risk of serious impacts on life and health due to work-related accidents
Excessive workloads and long working hours	Risk of adverse physical and mental health impacts from long working hours
Discrimination and harassment	Risk of violations of personal dignity and unequal employment opportunities
Child labor	Risk of violating children's rights to healthy development and education

JAE Group Human Rights Risk Map



Corporate Governance

Basic Views

We believe that corporate governance means abiding by relevant laws and rules and fulfilling our social responsibilities to stakeholders, including shareholders, customers, business partners, and communities, with the aim of maintaining fair profits, increasing corporate value, and contributing to creation of sustainable growth in society through corporate management based on our corporate philosophy “Explore, Create and Practice.”

Corporate Governance Structure

We have built a corporate governance framework that enables swift decision making and agile management by establishing a Board of Directors comprising ten Directors (including five Executive Directors and five independent Outside Directors), a Management Committee mainly comprising five Executive Directors, and the Business Execution Committee and Executive Committee comprising Corporate Officers and executive members. These management structures comprise bodies for making management decisions, carrying out business execution, and implementing internal controls. We have also adopted a Board of Auditors system comprising two full-time Statutory Auditors and two Outside Statutory Auditors, and have established an Internal Audit Office as an internal audit division. We have also established a Nominating and Compensation Committee to further strengthen the independence, objectivity, and accountability of the Board of Directors with respect to matters including the nomination of Director candidates and Directors' remuneration. The Committee comprises at least three members selected by the Board of Directors, the majority of whom are independent Outside Directors.

1 Board of Directors

The Board of Directors decides on important matters related to business execution in accordance with the Board's criteria for matters submitted for resolution and supervises the execution of duties and internal controls.

2 Special Committee (ad hoc)

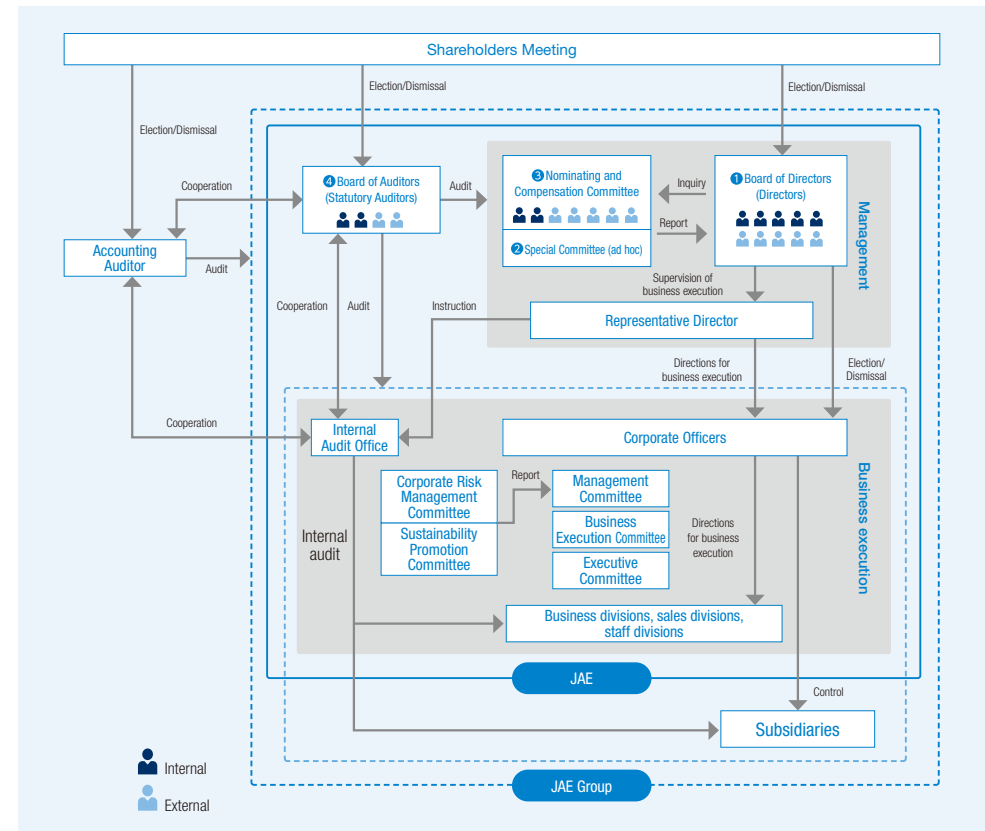
As an ad hoc advisory body to the Board of Directors, the Special Committee composed of independent Outside Directors conducts prior deliberations and reviews of significant transactions or actions in which a material conflict of interest could arise between Kyocera Corporation, or other shareholders holding a large number of the Company shares, and general shareholders.

3 Nominating and Compensation Committee

As a voluntary advisory body to the Board of Directors, the Nominating and Compensation Committee composed of independent Outside Directors and Executive Directors (of which the majority are independent Outside Directors), which deliberates and reviews matters related to both the nomination of Director candidates and Directors' remuneration.

4 Board of Auditors

This is comprised of two full-time Statutory Auditors and two Outside Statutory Auditors. They attend important meetings including the Board of Directors and the Management Committee, inspect important documents, and collect information on the status of business execution of various departments within the Group from Directors, Corporate Officers, and employees.



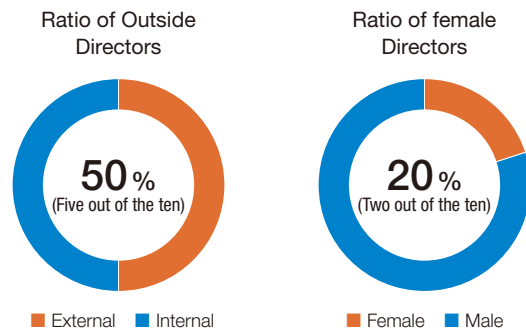
Meetings for Fiscal 2025

	No. of Meetings Held	Main Topics Discussed
Board of Directors	14 times	The Board of Directors discussed and decided on matters stipulated by laws and regulations and the rules of the Board of Directors, as well as other important matters related to Company management and operations, and received reports on the conditions of important business operations.
Special Committee	No special committee meetings were held during fiscal 2025, as there were no matters to be discussed.	
Nominating and Compensation Committee	8 times	The Committee discussed matters concerning the nomination of Director candidates and Directors' remuneration.
Board of Auditors	12 times	The Board of Auditors reviewed and deliberated on the JAE Group's corporate governance, the development and operation of internal control systems, the appropriateness of audits conducted by the Accounting Auditor, and Key Audit Matters (KAMs).

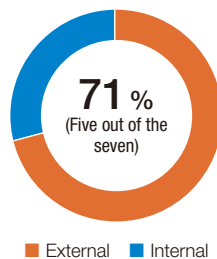
Corporate Governance

Composition of Directors and Statutory Auditors

The Board of Directors comprises five internal directors and five independent outside directors, and seeks to further strengthen corporate governance. In addition to internal directors who have extensive experience and a proven track record in their respective fields of business, five independent outside directors who have sophisticated expertise and insight, including one with experience and knowledge as a corporate executive in the manufacturing industry, engage in active and effective discussions. The Nominating and Compensation Committee comprises five independent outside directors and two internal directors. We have also appointed two outside statutory auditors who can provide supervision by leveraging their respective professional backgrounds, experience, and expertise. The Board of Directors is required to possess a broad range of expertise in order to fulfill its responsibilities of making key



Ratio of Outside Directors of Nominating and Compensation Committee



decisions on corporate management and overseeing the overall execution of business operations. We have identified the skills required for the Board of Directors and compiled a skill matrix accordingly. Director candidates are nominated following

deliberation by the Nominating and Compensation Committee, taking into account the overall balance of knowledge, experience, competencies, and diversity.

Skill matrix of Directors and Statutory Auditors

Title	Name	Corporate management	Global	Accounting and finance	Legal and compliance	Technology and manufacturing	Sales and marketing	Human resources development and personnel affairs	Sustainability and ESG	DX and IT
President (Representative Director)	Masayuki Muraki	●	●	●	●	●	●	●	●	●
Director	Noritaka Hiayama				●			●	●	
Director	Masahiro Matsuo		●		●		●			
Director	Takayuki Koike		●				●			
Director	Shigeto Ihara	●	●	●		●	●			●
Director (Outside Director) Independent	Reiichiro Takahashi		●							
Director (Outside Director) Independent	Kazuhiro Goto				●					
Director (Outside Director) Independent	Hiroshi Kawaguchi	●				●				
Director (Outside Director) Independent	Yuko Numata		●	●						
Director (Outside Director) Independent	Mami Nagasaki			●	●					
Statutory Auditor (Full-time Statutory Auditor)	Naoaki Azuma				●		●			
Statutory Auditor (Full-time Statutory Auditor)	Kazuhiko Aoki			●						
Statutory Auditor (Outside Statutory Auditor) Independent	Keiji Kabeya			●						
Statutory Auditor (Outside Statutory Auditor) Independent	Yoshihiro Inoue				●					

Definitions of each skill

Skill	Skill definitions
Corporate management	Experience in formulating and executing management strategies aimed at sustainably enhancing corporate value as a member of top management (representative director or equivalent role) of a company
Global	Knowledge concerning international affairs and international transactions, and experience in engaging in overseas business from a global perspective
Accounting and finance	Specialized knowledge of accounting and finance, and experience in formulating financial strategies linked to management strategies
Legal and compliance	Specialized knowledge of legal and compliance, and experience in promoting initiatives to ensure thorough legal compliance and to strengthen corporate governance
Technology and manufacturing	Knowledge and experience concerning technology and manufacturing that will expand and develop the Company's business
Sales and marketing	Knowledge and experience concerning sales and marketing that will expand and develop the Company's business
Human resources development and personnel affairs	Knowledge of human capital management including diversity, and experience in formulating and executing human resource strategies such as human resource development, personnel affairs, and labor relations
Sustainability and ESG	Experience in promoting initiatives to address social issues through the Company's business and to enhance long-term corporate value by synchronizing the sustainability of society with the sustainability of the Company's business
DX and IT	Knowledge of digital technology, and experience in promoting business transformation and operational efficiency improvement through the use of data and digital technology

Evaluations of the Effectiveness of the Board of Directors

With the aim of improving the effectiveness of the Board of Directors, the Company conducts analysis and evaluations in that regard on a yearly basis. The following is an overview of the results of initiatives, analysis, and evaluation for fiscal 2025.

• Initiatives and analysis-evaluation process in fiscal 2025

We have implemented various improvements that build on the findings of the previous analysis and evaluation of fiscal 2024. As before, we conducted a survey to Directors and Statutory Auditors based on the following survey items and perspectives, and the results were reported to and deliberated on by the Board of Directors during its meeting held in May 2026.

- | | |
|---|---------------------------------------|
| • Composition of the Board of Directors | • Operation of the Board of Directors |
| • Roles of the Board of Directors | • Support structure for Directors |
| • Deliberations in the Board of Directors | |

• Overview of the evaluation results for fiscal 2025 and future initiatives

We concluded that the Board of Directors is effective overall and that steady progress has been made toward further strengthening corporate governance. This assessment reflects several developments: independent Outside Directors, including individuals with management experience and women, account for half of all Directors, creating a structure that enables discussions from diverse perspectives; reductions in routine agenda items and the holding of off-site meetings have enabled a certain amount of time to be allocated to discussions of management and growth strategies; and deliberations by the Nominating and Compensation Committee have made the process for selecting Director candidates and the structure and determination process for Directors' remuneration more transparent and appropriate. On the other hand, regarding the composition of the Board of Directors, opinions were expressed concerning appropriate Board size and the skills to be strengthened from the perspec-

tives of improving the efficiency of deliberations and further enhancing the capabilities of the Board as a whole. Regarding Board operations and deliberations, there were also calls for further improvements to opportunities for discussion and materials submitted to the Board so that management and growth strategies can be discussed more fully. To address these opinions and requests, the Nominating and Compensation Committee will discuss areas in which the Board composition should be further enhanced and consider an appropriate structure. Regarding Board operations and deliberations, we will identify strategic topics for discussion and establish a planned deliberation schedule to enable more substantive discussions. We will continue to review issues through effectiveness evaluations and work to enhance the effectiveness of the Board of Directors and sustainably increase corporate value.

Board of Directors Initiatives in fiscal 2025

• Board of Directors

In fiscal 2025, the Board of Directors met a total of 14 times and deliberated on matters concerning management strategy, business plans, budgets, business performance, and corporate governance, as well as matters related to strengthening the business foundation and organizational changes, such as capital expenditures, capital and business alliances, acquisitions of affiliated companies. The Board also deliberated on quarterly financial results and outlook, annual budgets, and dividends, and received regular reports on business conditions in the business divisions, the activities of the Corporate Risk Management Committee and the Sustainability Promotion Committee, and the status of compliance management, thereby supervising business execution. For matters concerning the nomination of Director candidates, the appointment of Corporate Officers, and the officer remuneration system, the Board deliberated after receiving recommendations from the Nominating and Compensation Committee. It also continued to strengthen the governance structure based on the results of the Board effectiveness evaluation.

Initiatives of the Board of Auditors, Nominating and Compensation Committee, and Special Committee in fiscal 2025

• Board of Auditors

In fiscal 2025, the Board of Auditors met a total of 12 times. It established audit policies and an audit implementation plan and focused its review on the JAE Group's corporate governance, the development and operation of internal control systems, the appropriateness of audits conducted by the Accounting Auditor, and Key Audit Matters (KAMs). In particular, it focused its deliberations on the compliance and risk management status of business divisions and subsidiaries and the cross-functional oversight by Head Office staff divisions; the status of company-wide risk assessments and countermeasure reviews by the Corporate Risk Management Committee; and the status of deliberations on sustainability issues by the Sustainability Promotion Committee.

• Nominating and Compensation Committee

In fiscal 2025, the Nominating and Compensation Committee met a total of eight times. With the use of consultants, the Committee researched remuneration levels and remuneration composition in the industry and established benchmarks, considered revisions to the Directors' remuneration structure and measures to enhance transparency in the nomination process for Director candidates. The Committee also deliberated on a draft succession plan and the composition of the Board of Directors for the next term.

• Special Committee

No special committee meetings were held during fiscal 2025, as there were no matters to be discussed.

Remuneration System of Directors and Statutory Auditors

Remuneration for Directors is comprised of monthly remuneration (fixed remuneration), Director bonuses (performance-linked remuneration), and restricted stock remuneration. The amount of remuneration is determined through deliberations by the Nominating and Compensation Committee, based on our “policy for determining the content of remuneration, etc. for individual Directors” as decided by a resolution of the Board of Directors.

Protection of the Rights of General Shareholders

To protect the interests of general shareholders, when any significant transactions or actions in which a material conflict of interest could arise between Kyocera Corporation (“Kyocera”) or another shareholder holding a large number of JAE shares, and general shareholders, such transactions or actions are deliberated and reviewed in advance by the Special Committee, an ad hoc advisory body to the Board of Directors composed of JAE’s independent Outside Directors.

In addition, under the capital and business alliance agreement entered into between Kyocera and JAE on October 30, 2025, with respect to transactions that could give rise to a material conflict of interest between JAE and Kyocera, or between Kyocera and JAE’s general shareholders, JAE is to respect the judgment of the Special Committee composed of independent Outside Directors, while Kyocera has agreed, in light of JAE’s status as a listed company, to respect the common interests of JAE’s general shareholders and JAE’s corporate value. In managing the Company, JAE makes its own independent decisions under the supervision and advice of five independent Outside Directors and the audits of two independent Outside Statutory Auditors. The purpose of this capital and business alliance is to promote the establishment and deepening of a collaborative relationship with Kyocera for the growth of JAE’s Connector Business. By maintaining the Kyocera Group’s voting rights ratio in JAE under this capital and business alliance, JAE ensures its management independence, and we believe the impact on JAE’s governance is limited.

Remuneration Structure for Directors and Statutory Auditors

Type			Payment schedule	Eligible officer				Payment criteria
				Executive Director	Outside Director	Full-time Statutory Auditor	Outside Statutory Auditor	
Monetary	Monthly remuneration (Basic remuneration)	Fixed	Monthly	●	●	●	●	Fixed remuneration set based on standards that include presence or absence of representation rights, position, etc.
	Bonuses (Performance-linked remuneration)	Variable (Short-term incentive)	Annually	●				Determined in view of Directors' positions and performance in their area of responsibility, based upon the previous year's performance
Non-monetary	Restricted stock remuneration	Variable (Long-term incentive)	Annually	●				Number of shares granted are determined according to the position

Amount of Officer Remuneration (Fiscal 2025)

Officer Category	Total Remuneration (Million yen)	Total Amount by Type of Remuneration (Million yen)			Number of Eligible Officers
		Basic Remuneration	Performance-linked Remuneration	Non-monetary Remuneration (*)	
Directors (excluding Outside Directors)	228	144	55	28	7
Statutory Auditors (excluding outside statutory auditors)	40	40	—	—	3
Outside officers	62	62	—	—	7

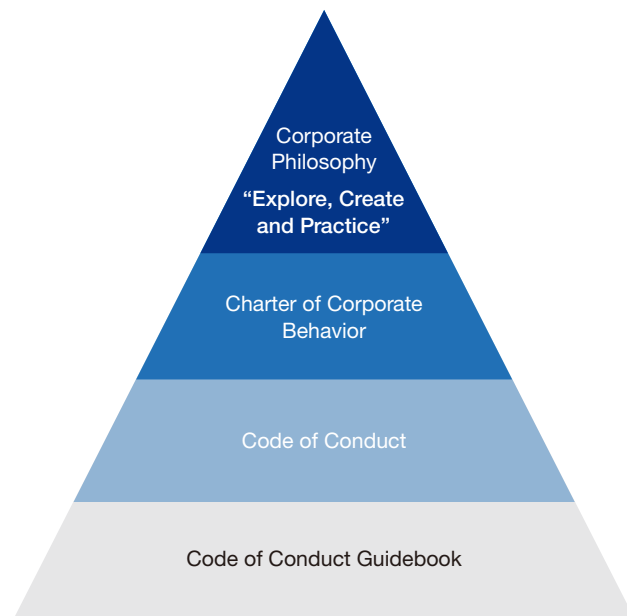
* Stock options and restricted stock with transfer restrictions are provided to Directors as non-monetary remuneration. The total amount of the above non-monetary remuneration is the amount recorded as expenses for stock option remuneration and restricted stock remuneration for the current fiscal year. (From fiscal 2026, non-monetary remuneration provided to Directors will consist solely of restricted stock remuneration.)

 Officer remuneration can be found here (Annual Securities Report): <https://www.jae.com/ir/library/security/> (in Japanese)

Compliance

Basic Views

The JAE Group has formulated the JAE Group Charter of Corporate Behavior in accordance with the corporate philosophy of “Explore, Create and Practice,” and has developed the “JAE Group Code of Conduct” as a standard for executives and employees, along with the “JAE Group Code of Conduct Guidebook” that explains details of this. As we conduct business, we implement our initiatives with the understanding that corporate behavior in compliance with the law as set out by the Charter of Corporate Behavior and Code of Conduct is the cornerstone of our operations.



Compliance Initiatives

The JAE Group has designated July 5 as “Compliance Day,” when the President gives an address to corporate officers and department heads every year. In this address, the President covers three points, including how (1) corporate behavior based on compliance is the cornerstone for conducting business, (2) it is vital that as a manufacturer involved in production, we adhere to laws, regulations, and customer contracts, and (3) it is essential that we ensure thorough compliance with related laws and regulations even in our dealings with business partners. This content is explained to all employees via department heads and is also widely disseminated through the company newsletter.



“Compliance Day” Presidential address

Compliance Training

We conduct e-learning training for employees in Japan and overseas on corporate ethics and legal compliance as part of our compliance education, and this is also conducted once a year. Furthermore, each responsible department conducts education and checks on control systems regarding internal controls for financial reporting, human rights, environmental conservation, the Act Against Delay in Payment of Fees, etc. to Small and Medium-sized Entrusted Business Operators in Manufacturing and Other Specified Fields, product safety, import-export transactions, and information security.

Compliance training completion rate (domestic JAE Group companies)

	FY2022	FY2023	FY2024	FY2025
Compliance training completion rate (e-learning)	99.6	90.9	96.4	100.0

(%)

Internal Reporting System

The JAE Group has an internal reporting system aimed at the prevention, early detection, and correction of misconduct related to compliance and corporate ethics.

Reports and consultations are accepted anonymously, and strict internal controls are in place to protect the informant if investigations are conducted based on these. These measures include protecting the confidentiality of the person from whom this originated so that they do not face any unfavorable treatment as a result of these actions. The internal reporting system is widely publicized through the Compliance Day address, compliance training, and the company newsletter.

Number of internal reports (domestic JAE Group companies)

(cases)

	FY2022	FY2023	FY2024	FY2025
Number of ethic-related reports through the internal reporting system	37	31	45	41

Risk Management

Basic Views

The Corporate Risk Management Committee works to identify, monitor, and manage risks that may hinder the sustainable growth of the Company Group. The Committee identifies risks that have not yet materialized and shares information on those that have, and reviews countermeasures to help prevent their recurrence. The identified risks are reviewed by business and staff departments and the committee discusses them appropriately.

Risk Management Structure

The Group has established the Corporate Risk Management Committee, chaired by the President and composed of Corporate Officers and department general managers, with full-time Statutory Auditors serving as observers. The Committee identifies, monitors, and manages risks that may hinder sustainable growth. Particularly significant matters are reported to the Management Committee and Board of Directors as necessary, which serves as the system whereby the management team appropriately comprehends and supervises the risk management status on a group-wide basis.

In addition, subcommittees will be established as subordinate bodies of the Corporate Risk Management Committee as necessary to examine and discuss measures for addressing specific risks.

Structure



Risk Analysis and Countermeasures

Through the Corporate Risk Management Committee, which meets four times a year, we analyze and respond to both materialized and potential risks. In fiscal 2025, based on the results of risk reviews conducted by each department, we identified “the impact of changes in U.S. policy (additional tariff risk)” as a priority topic. We analyzed the impact on our U.S. operations and key businesses and implemented specific measures, including measures to mitigate tariff exposure and price pass-through. For other geopolitical risks, we are also working to improve the effectiveness of our response by establishing guidelines for action in emergencies and continuously reviewing inventory measures. In addition, we have deepened discussions on risks related to the foundations of corporate management, such as information security and Group governance, and are strengthening our overall risk response capabilities by accelerating the implementation of measures by the relevant departments. As risks become increasingly diverse and continue to evolve, we believe it is important to identify potential risks from a broad perspective and discuss their potential impacts and countermeasures in order to minimize their effects should they materialize. Accordingly, we will continue to advance these efforts.

Major Risks

- Environmental issues
- Natural disasters, infectious diseases
- Economic, financial and foreign exchange fluctuations, and geopolitics
- Procurement and supply chains
- Markets and competitive environments
- Production technology and stable supply
- Products, technology, R&D
- Product quality
- Compliance and human rights issues
- Securing and retaining of human resources
- Intellectual property rights
- Information security

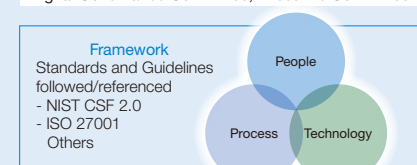
Topics

Our Approach to Information Security Risk Management

JAE regards protecting information assets from growing cyber risks arising from changes in the external environment, including geopolitical developments, advances in AI and DX, and increasingly sophisticated supply chains, while ensuring business continuity, as an important management issue. Based on the values and culture that underpin security, we advance initiatives integrating people, processes, and technology while referring to guidelines such as NIST. Through regular reporting to the Corporate Risk Management Committee, the Digital Governance Committee, and the Executive Committee, we are enhancing risk management and improving the stability and reliability of corporate activities, thereby contributing to the sustainable enhancement of corporate value.

Cybersecurity Values & Culture
“Integrity, Ownership, Highest Standards, Diversity & Inclusion, Passion & Empathy”

Governance
Corporate Risk Management Committee,
Digital Governance Committee, Executive Committee



Aiming to Prevent incidents that undermine trust

Roundtable Discussion with Outside Directors



Outside Director
Yuko Numata

(assumed office in June 2024)
Professor,
Graduate School of Global Business,
Professional Graduate School,
Meiji University

Outside Director
Kazuhiro Goto

(assumed office in June 2023)
Joined National Police Agency in 1988.
After serving as Director-General of Chubu
Regional Police Bureau and other key posts,
retired from National Police Agency in 2022.
Advisor of Lawson, Inc.

Outside Director
Reiichiro Takahashi

(assumed office in June 2021)
Joined Ministry of Foreign Affairs in 1980.
After serving as Ambassador Extraordinary and
Plenipotentiary to Australia and other key posts,
retired from Ministry of Foreign Affairs in January 2021.
Advisor of HAZAMA ANDO CORPORATION

Outside Director
Hiroshi Kawaguchi

(assumed office in June 2024)
Former Chief Executive Officer of
TOTOKU ELECTRIC Co., Ltd.
(currently TOTOKU INC.)

Outside Director
Mami Nagasaki

(assumed office in June 2024)
Partner, Ishii Law Office
Attorney-at-Law in Japan

Outside Directors' Perspectives on Enhancing JAE's Corporate Value

With a new Medium-term Management Plan launched in 2026, this roundtable discussion looks back on the perspectives the Outside Directors brought to the formulation process and how their discussions helped refine the plan. The five Outside Directors also discuss how management and governance should evolve to support JAE's sustainable growth and enhance corporate value, including the need for more sophisticated Board discussions and monitoring and the development of management talent.

Board Discussions in Formulating the Medium-term Management Plan

Takahashi The mission of Outside Directors is to express views aimed at enhancing corporate value from an external perspective and with consideration for the interests of all shareholders, including minority shareholders. In formulating the new Medium-term Management Plan, we needed to engage in in-depth discussions from a medium- to long-term perspective,

taking into account a global environment that differs from the past and new management challenges. As Outside Directors, we each brought our different areas of expertise and experience to the discussions and contributed from a variety of perspectives. In particular, we emphasized not only the growth strategies of individual businesses, but also a "cross-functional" perspective on what needs to change across JAE as a whole. We proposed that cross-business strategies and the overall direction of management should be reflected in the

Medium-term Management Plan. Discussions from the perspective of what is best for JAE as a whole played an important role in making the plan more effective.

Numata That company-wide perspective was indeed critical to our discussions. A Medium-term Management Plan covers a period of three to five years, but to make it more effective, I believe it is important to envision the future beyond that horizon and discuss the plan as a roadmap for realizing that future. Although this way of thinking was not fully developed in the new

Roundtable Discussion with Outside Directors

Medium-term Management Plan, I see it as a major step forward that we moved beyond the conventional approach centered on building the plan up from individual budgets, held active discussions on the business portfolio from a future-oriented perspective focused on what is best for JAE as a whole, and clearly committed to reviewing the business portfolio.

Goto A Medium-term Management Plan is an important guide for communicating a company's vision and growth strategy to stakeholders and clarifying the path forward. In formulating the new plan, we focused on how to present the growth strategy in a convincing manner. Since the end of last year, discussions involving the Outside Directors have gradually shifted the initial plan, which had been built up from individual business plans, toward a company-wide perspective. Through analyses that visualized the net sales and profitability of each product, we positioned portfolio transformation as a pillar of the growth strategy and also moved forward with changes to the business structure, including the integration of the User Interface Solutions Business into the Connector Business. These discussions made the growth strategy more concrete and convincing.

Nagasaki Building on the discussion about developing a growth strategy from a company-wide perspective, I placed particular importance on a backcasting approach, formulating the Medium-term Management Plan by working backward from the desired future state. I believed it was important not only to present a three-year plan, but also to clearly show the future state we are aiming for and the ROE target beyond that period, thereby communicating the path to growth to investors. We also discussed optimizing the business portfolio, which is essential to enhancing corporate value, by considering the profitability, growth potential, and investment efficiency of each product group in the Connector Business and identifying the areas to which management resources should be allocated on a priority basis. Specifically, we held active discussions on strategic resource allocation in light of growth opportunities by region and market, including expansion in China and Europe, establishment of a business base in India, and the ADAS and autonomous

driving fields in the Automotive market.

Kawaguchi As a result of these discussions, the Medium-term Management Plan was substantially realigned with its intended approach of working backward from the future state we aspire to. In addition to Board meetings, repeated discussions involving the Outside Directors at advance briefing sessions enabled us to share an understanding of the future vision and issues identified in previous medium-term management plans, and to deepen our understanding of the business portfolio review and priority allocation of management resources. Analyses based on net sales and profit margins also helped clarify the business areas on which JAE should focus, giving the Medium-term Management Plan a clearer framework. The discussion is still evolving, but I feel this marked a major turning point away from an extension of past thinking and toward a more future-oriented strategy.

Evolution of the Board of Directors to Support Growth



be important to appropriately allocate the management resources freed up through the business portfolio review to growth areas and support management in taking on challenges without being overly constrained by risk. Rather than rejecting challenges, Outside Directors should understand and share the risks involved, encourage course corrections where necessary, ensure that appropriate countermeasures are in place, and support flexible adjustments to strategy. I believe supporting sustainable growth in this way is an increasingly important role for us.

Numata As governance reforms advance, the role of the Board of Directors is shifting from monitoring aimed at preventing misconduct to supporting management in taking on challenges that enhance corporate value. Going forward, it will

Goto The Board of Directors has steadily evolved over the past several years, but I believe we must take seriously the stagnation in growth during the previous Medium-term Management Plan period. We now have more opportunities to discuss investment proposals from an early stage, but the discussions still tend to remain focused on individual businesses. Going forward, we need to deepen discussions from the perspective of what is best for JAE as a whole, focusing not only on each business but also on company-wide management and growth strategies, including how management resources should be allocated to areas with higher profitability and growth potential.

Nagasaki Monitoring progress on management issues in a clear and structured manner will also be an important role of the Board going forward. For example, with respect to the recent increase in inventories, we need a mechanism that systematically makes the underlying causes and progress of improvement measures visible by business and enables ongoing monitoring. Addressing issues that can be improved, such as slow-moving assets and inefficient processes, and steadily resolving them will contribute to enhancing corporate value. As Outside Directors, we want to use our respective expertise and experience to provide advice on resolving these issues and support management improvements.

Kawaguchi For the Board to fully perform this monitoring function, it is essential for Outside Directors to deepen their understanding of the businesses and the organization. To raise the quality of discussions within the limited time available

at Board meetings, advance briefings should be enhanced, with input not only from the Corporate Planning function but also from the heads of business divisions. It is also essential to share progress on the Medium-term Management Plan and the future vision in an easy-to-understand manner using KPIs, and to organize and present information directly linked to growth. With this kind of environment in place, Outside Directors can



Roundtable Discussion with Outside Directors

contribute more actively to constructive discussions aimed at enhancing corporate value.

Takahashi To evolve further, we need to strengthen both medium- to long-term management strategy discussions and monitoring. It would be desirable to establish opportunities, separate from regular reporting, to continue discussing future management strategies that could not be fully addressed in the Medium-term Management Plan. Monitoring should also go beyond monthly performance figures to continuously review the initiatives undertaken during the period, the status of responses to risks, and the process of resolving issues. Following up on these matters, including risks and countermeasures, should further enhance the effectiveness of monitoring.

Discussions to Enhance the Effectiveness of the Board of Directors

Goto An important role of Outside Directors is to advise management from a medium- to long-term and broad perspective, from a position distinct from business execution. Because executives are responsible for dealing with day-to-day issues, it is understandable that their perspectives can become short term or be constrained by assumptions within the Company or the industry. Organizations also have inertia, making it difficult to change the direction of management. This is precisely why management should make active use of the Board of Directors and use the objective recommendations of Outside Directors as a catalyst for organizational transformation and to help shape management strategy and organizational direction. I believe this



is an important perspective for enhancing corporate value.

Nagasaki Going forward, the Board needs to engage in more in-depth discussions on capital efficiency and capital allocation with ROIC, ROE, and WACC in mind. Sharing a perspective on

how to generate returns above the cost of capital and which businesses should receive priority allocations of management resources will help enhance corporate value. The Medium-term Management Plan should also be reviewed on shorter PDCA cycles, such as quarterly, with discussions that tie progress, reasons for shortfalls, and countermeasures directly to the plan. Rather than ending with a simple report of results, making course corrections to the strategy as necessary will further enhance the effectiveness of the Medium-term Management Plan.

Takahashi To realize a highly effective Board of Directors, it is important to establish a discussion framework that enables ongoing monitoring of not only performance figures but also the risks inherent in each business, the countermeasures taken, and the execution process. Because it can be difficult for Outside Directors to understand issues within the organization, we also need to further strengthen cooperation with the Statutory Auditors and the internal audit office and increase opportunities to exchange views on audit findings and issues at operating sites. Continuously sharing this kind of substantive information will deepen the understanding of Outside Directors and lead to more effective supervision and advice.

Kawaguchi To steadily translate the Medium-term Management Plan into execution, it is important to evolve the Board from a forum centered on reporting into one that continuously discusses growth strategy. By reviewing progress on the Medium-term Management Plan quarterly, rather than only at fiscal year-end, and discussing issues, countermeasures, and the next actions to take, we can apply the PDCA cycle consistently. In addition, by improving agenda setting and materials so that the progress and issues of each business and corporate function are clearly organized, the Board can focus on discussing the essential issues. I believe having the corporate functions take the lead in structuring Board discussions in



this way will enhance Board effectiveness.

Numata In light of these roles, I believe JAE should strengthen its corporate functions. At the Board level, it is important to have a structure that enables discussion of management from both financial and human capital perspectives, including not only practical functions such as accounting and labor relations, but also financial strategy and human capital management. This requires stronger expertise, including the participation of a CFO and CHRO. To further enhance important functions such as the Medium-term Management Plan, future vision, M&A, and IR, we also need to review the roles and structure of the corporate functions as a whole and further strengthen cross-functional collaboration. Strengthening both the depth and capacity of these functions will, I believe, lead to greater Board effectiveness.

Nominating and Compensation Committee Supporting Corporate Value Enhancement

Nagasaki In fiscal 2025, the Nominating and Compensation Committee made steady progress in reviewing the remuneration system, including examining the balance between performance-linked and fixed remuneration and the appropriateness of remuneration levels, and consolidating the two existing stock-based remuneration plans into one. At the same time, we need to deepen discussions further on the appropriateness of the KPIs used for performance-linked remuneration and how sustainability indicators should be reflected in evaluations. Establishing systematic rules for malus and clawback provisions, which allow for the reduction or recovery of remuneration in the event of misconduct, is another issue. From the perspectives of enhancing corporate value and strengthening governance, JAE needs to continue building a more effective remuneration system.

Kawaguchi The Compensation Committee has made steady progress in reviewing the remuneration system, but the system will need to be further refined. One challenge is to review a remuneration structure that tends to be uniform by position and develop a mechanism that more appropriately reflects both

Roundtable Discussion with Outside Directors

business performance and individual performance. Meanwhile, the Nomination Committee needs to further develop its succession plan with an eye not only to the next management team but also to the people who will lead the Company beyond that. We need to systematically develop executive candidates, female managers, and female Director candidates and strengthen the human resources foundation from a medium- to long-term perspective. Establishing a system that can continuously develop and appoint the people who will support future management will contribute to sustainable enhancement of corporate value.

Takahashi I also feel that the Nominating and Compensation Committee as a whole is steadily producing results, and the review of the remuneration system in particular has made significant progress. For the Nomination Committee, however, developing human resources to support the global business is an important theme going forward. We need a clearer framework for how to develop leaders capable of heading overseas operations and how to connect that experience to career paths leading to future senior management and top management roles. As JAE further expands its overseas business, including in India, it will be essential to establish a framework that enables balanced appointments of talent with experience in Japan and overseas, and to develop global leaders from a long-term perspective.

Numata To make such human resource development more effective, it is important to clearly define the desired future state and take a backcasting approach from there. For the Nomination Committee to consider a succession plan that extends to the pool of future top management candidates, it first needs to share a common understanding of what kind of company JAE aims to become and what skills will be required of the people who will lead it. By working backward from that future vision to continuously develop the necessary talent and link this to a long-term human resources strategy, including the advancement of women, the Nomination Committee's discussions can become even more effective.

Goto While steady progress has been made with the executive remuneration system, I believe the succession plan needs to be further developed. Work is currently under way to establish a

talent pool of future top management candidates, but the next challenge is to define the selection criteria and development plans more concretely. Personnel rotations will also be important not only for candidates for President, but also for candidates for Director and Corporate Officer, so that they can develop a company-wide perspective. Establishing a system that enables candidates to gain experience in corporate functions in addition to overseas operations and business divisions, and systematically developing management talent with diverse perspectives, will contribute to enhancing corporate value in the future.

Governance That Supports JAE's Global Challenges

Kawaguchi Even as geopolitical risks increase, for JAE to achieve sustainable global growth by leveraging its strengths, it is important to define a clearer future vision and further enhance the Medium-term Management Plan for realizing that vision. At a time of rapid change in the business environment, JAE needs to keep its desired future state firmly in view, make its strategies more concrete, and steadily translate them into results. As an Outside Director, I also want to provide the advice needed for talent development and to make our strategies more concrete, help ensure that the stated goals are achieved, and contribute to enhancing corporate value in a way that meets shareholders' expectations.

Takahashi For Japanese companies to establish a strong presence globally, it is important not simply to pursue world standards, but to create value by leveraging strengths unique to Japan. As a company whose strength lies in manufacturing, JAE should demonstrate its presence through distinctive technologies and quality that cannot be achieved through AI or IT alone, and aim to become a company that is regarded as indispensable worldwide. I expect that continuing to refine this unique value will not only enhance JAE's corporate value, but also contribute to strengthening Japanese manufacturing and industrial competitiveness.

Numata I feel the same way. JAE steadily analyzes and reviews its current position, but to enhance corporate value it

is also important to present a more future-oriented growth story and share its vision for the future with the capital markets. The Board needs to deepen discussions on the specific strategies and challenges required to realize that vision and support new initiatives without being overly constrained by risk. We should recognize that a sustained willingness to take on new challenges itself builds investor confidence, assuredly articulate a future vision of "JAE on the world stage," and continue moving toward its realization.

Goto Business risks can also be new growth opportunities when viewed from a different perspective. It is therefore important not only to avoid risks, but also to view them as potential opportunities and seek to maximize the opportunities they create. Going forward, geopolitical developments and trends in AI and the semiconductor market may represent significant risks, but they can also create new business opportunities. JAE operates in markets with strong growth potential, including defense and space, physical AI, and data centers. Proactively expanding the customer base and developing new products in these fields, and turning change into growth, will be a major key to enhancing corporate value.

Nagasaki To steadily convert these growth opportunities into results, it is important to actively capture new growth opportunities through M&A, entry into new markets, and the development of new products, in addition to organic growth. I hope JAE will put Tooltronix, which it acquired last year, firmly on a growth trajectory, while also developing new customers, markets, and regions in the Connector Business and further creating value by leveraging its technological capabilities. I would like the Board of Directors to continue engaging in constructive discussions on these initiatives and, as an Outside Director, to support JAE's sustainable growth.



Directors, Auditors and Officers (As of June 24, 2026)

Directors



President (Representative Director)

Masayuki Muraki

Apr. 1984 Joined the Company
Apr. 2016 Associate Senior Vice President, Deputy General Manager of Connector Division, Manager of Business Planning Department, and Manager of Global Techno-Center
Apr. 2020 Associate Senior Vice President and General Manager of Connector Division
Jun. 2021 Director and Associate Senior Vice President, and General Manager of Connector Division
Apr. 2022 Director and Senior Vice President, and General Manager of Connector Division
Apr. 2023 President (Representative Director) (current position)

Number of the Company's shares owned: 21 thousand shares



Director

Noritaka Hiyama

Apr. 1985 Joined the Company
Apr. 2018 Associate Senior Vice President, General Manager of General Affairs and Human Resources Division
Apr. 2022 Associate Senior Vice President
Apr. 2025 Senior Vice President
Jun. 2025 Director and Senior Vice President (current position)

Number of the Company's shares owned: 12 thousand shares



Director

Masahiro Matsuo

Apr. 1985 Joined the Company
Apr. 2016 Associate Senior Vice President
Jun. 2022 Director and Associate Senior Vice President (current position)

Number of the Company's shares owned: 13 thousand shares



Director

Takayuki Koike

Apr. 1987 Joined the Company
Apr. 2022 Associate Senior Vice President
Jun. 2026 Director and Associate Senior Vice President (current position)

Number of the Company's shares owned: 6 thousand shares



Director

Shigeto Ihara

Apr. 1989 Joined NEC Corporation
Apr. 2019 President and CEO of NEC X, Inc.
Apr. 2024 Associate Senior Vice President of the Company
Jun. 2025 Director and Associate Senior Vice President (current position)

Number of the Company's shares owned: 4 thousand shares



Director (Outside Director) **Independent**

Reiichi Takahashi

Apr. 1980 Joined Ministry of Foreign Affairs
Jan. 2015 Consul-General of Japan in New York (Ambassador)
Dec. 2018 Ambassador Extraordinary and Plenipotentiary to Australia
Mar. 2021 Advisor of HAZAMA ANDO CORPORATION (current position)
Jun. 2021 Outside Director of the Company (current position)

Number of the Company's shares owned: 0 shares



Director (Outside Director) **Independent**

Kazuhiro Goto

Apr. 1988 Joined National Police Agency
Nov. 2018 Chief Inspection Officer of Commissioner-General's Secretariat, National Police Agency
Oct. 2021 Director-General of Chubu Regional Police Bureau
Oct. 2022 Advisor of Nisshin Fire & Marine Insurance Co., Ltd.
Jun. 2023 Outside Director of the Company (current position)
Jul. 2025 Advisor of Lawson, Inc. (current position)

Number of the Company's shares owned: 0 shares



Director (Outside Director) **Independent**

Hiroshi Kawaguchi

Apr. 1982 Joined Furukawa Electric Co., Ltd.
Jun. 2020 Chief Executive Officer of TOTOKU ELECTRIC Co., Ltd.
Apr. 2023 Advisor of TOTOKU INC.
Jun. 2024 Outside Director of the Company (current position)

Number of the Company's shares owned: 0 shares



Director (Outside Director) **Independent**

Yuko Numata

Apr. 1992 Joined Nomura Research Institute, Ltd.
Jun. 2022 Outside Director, Ichiyoshi Securities Co., Ltd. (current position)
Apr. 2023 Professor at Graduate School of Global Business, Professional Graduate School, Meiji University (current position)
Jun. 2024 Outside Director of the Company (current position)

Number of the Company's shares owned: 0 shares



Director (Outside Director) **Independent**

Mami Nagasaki

Apr. 1998 Qualified & Registered as Attorney-at-Law in Japan (Daini Tokyo Bar Association) Joined Ishii Law Office
Apr. 2009 Partner, Ishii Law Office (current position)
Jun. 2018 Outside Director, HASEKO Corporation (current position)
Jun. 2021 Outside Auditor, HONDA TSUSHIN KOGYO CO., LTD.
Dec. 2022 Member, Tokyo Metropolitan Examination Committee for Disputes over Construction Works (current position)
Jun. 2024 Outside Director of the Company (current position)

Number of the Company's shares owned: 0 shares

Auditors



Statutory Auditor (Full-time Statutory Auditor)
Naoaki Azuma
 Apr. 1986 Joined the Company
 Apr. 2018 General Manager of Connector Sales Planning Division
 Jun. 2023 Statutory Auditor (Full-time) (current position)
 Number of the Company's shares owned: 3 thousand shares



Statutory Auditor (Full-time Statutory Auditor)
Kazuhiko Aoki
 Apr. 1978 Joined the Company
 Apr. 2019 Associate Senior Vice President and General Manager of Accounting and Financial Division
 Apr. 2024 Associate Senior Vice President
 Jun. 2025 Statutory Auditor (Full-time) (current position)
 Number of the Company's shares owned: 11 thousand shares



Statutory Auditor (Outside Statutory Auditor)
 Independent
Keiji Kabeya
 Apr. 1989 Qualified & Registered as Certified Public Accountant
 Jul. 2018 Representative, Kabeya Keiji CPA Firm (current position)
 Jun. 2020 Outside Director of Honshu Chemical Industry Co., Ltd.
 Jun. 2021 Outside Statutory Auditor of the Company (current position)
 Number of the Company's shares owned: 0 shares



Statutory Auditor (Outside Statutory Auditor)
 Independent
Yoshihiro Inoue
 Apr. 1995 Qualified and registered as Attorney-at-Law in Japan (Daini Tokyo Bar Association)
 Joined Marunouchi Sogo Law Office
 Jan. 2008 Partner of Marunouchi Sogo Law Office (current position)
 Jul. 2011 Outside Statutory Auditor of HIDAY HIDAKA Corp.
 Apr. 2015 Civil Conciliation Commissioner of the Tokyo District Court (current position)
 Jun. 2026 Outside Statutory Auditor of the Company (current position)
 Number of the Company's shares owned: 0 shares

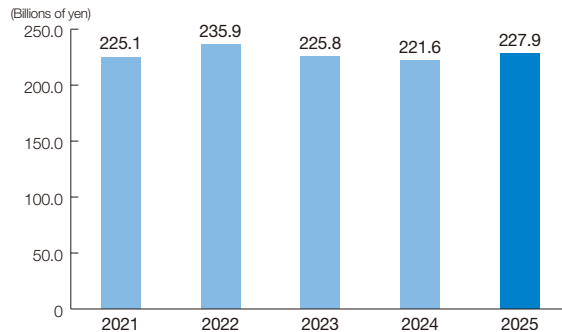
* The number of the Company's shares owned includes the number of shares owned in the Executive Stock Ownership Association of JAE.
 The number is rounded down to the nearest 1,000. The number of shares held is as of May 31, 2026.

Officers

President	Masayuki Muraki*	Associate Senior Vice President	Takashi Kosaka	Associate Senior Vice President	Masaki Yamada
Senior Vice President	Noritaka Hiyama*	Associate Senior Vice President	Masahiro Matsuo*	Associate Senior Vice President	Shigeto Ihara*
		Associate Senior Vice President	Shunichi Naganuma	Associate Senior Vice President	Masahito Kidokoro
		Associate Senior Vice President	Shingo Nanao	Associate Senior Vice President	Hisamichi Kametani
		Associate Senior Vice President	Noriyuki Konishi	Associate Senior Vice President	Seiji Takahashi
		Associate Senior Vice President	Yoshifumi Kubota	Associate Senior Vice President	Yasufumi Matsuo
		Associate Senior Vice President	Takayuki Koike*	Those who are indicated by an asterisk (*) also hold the post of Director.	

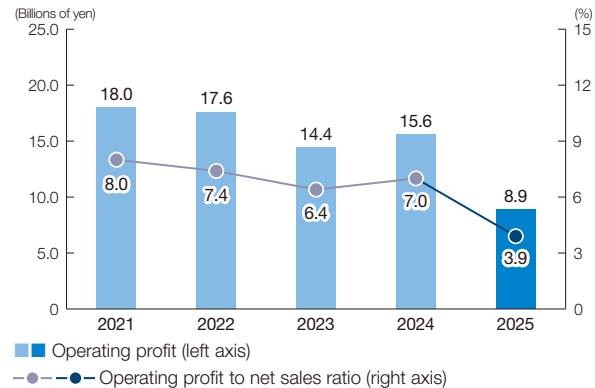
Financial and Non-financial Highlights

Net sales (FY)



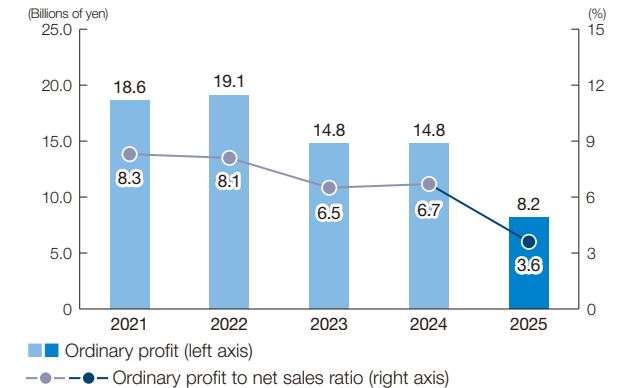
Net sales increased as sales for automotive and industrial and infrastructure applications grew in the core Connector Business, while aviation and space sales in the Aerospace Business also rose on higher defense demand.

Operating profit/Operating profit to net sales ratio (FY)



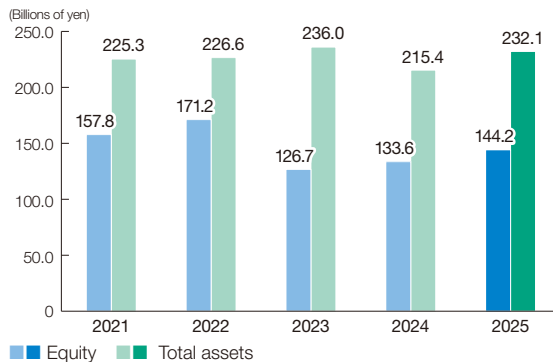
Operating profit decreased due to surging raw material prices, particularly gold, in the second half, falling selling prices amid intensifying competition, and higher new-product launch costs. The operating profit margin also declined.

Ordinary profit/Ordinary profit to net sales ratio (FY)



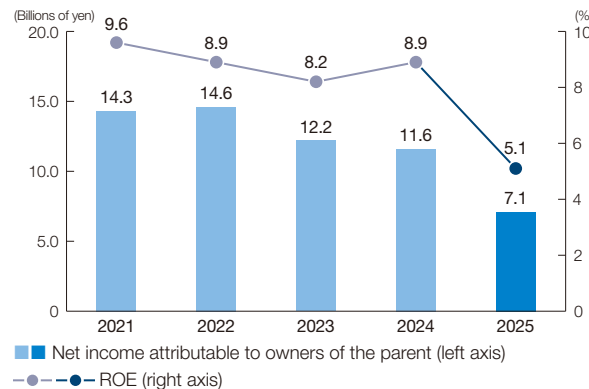
Ordinary profit decreased, primarily due to the decline in operating profit.

Equity/Total assets (FY)



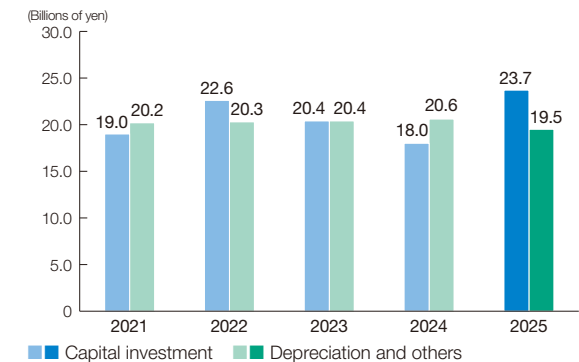
Total assets increased from the previous fiscal year-end, reflecting higher non-current assets and inventories and the consolidation of JAE Tijuana from FY2025. Equity also increased year on year due to higher retained earnings and foreign currency translation adjustments.

Net income attributable to owners of the parent/ROE (FY)



Net income attributable to owners of the parent decreased, mainly due to lower operating profit, despite an extraordinary gain on the sale of investment securities. ROE also fell sharply to 5.1% as net income declined.

Capital investment/Depreciation and others (FY)



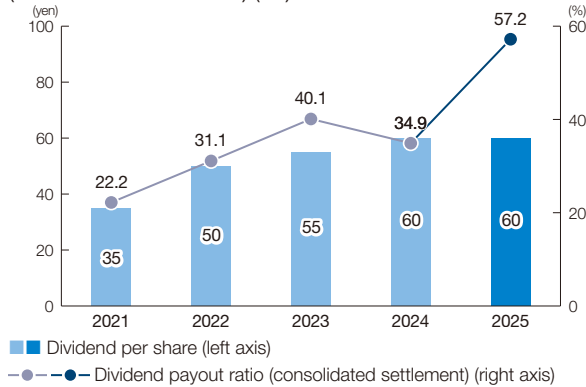
Capital investment rose year on year to ¥23.7 billion, driven by increased investment in new products, mainly connectors for mobile devices and automotive applications. Depreciation was ¥18.9 billion; combined with losses on disposal of equipment, the total was ¥19.5 billion.

For accounting, the Company has applied the following:

"Ministerial Order Partially Amending the Regulation for Enforcement of the Companies Act and the Regulation on Corporate Accounting" (Ministry of Justice Order No. 5 of March 26, 2018) issued in accordance with the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018)

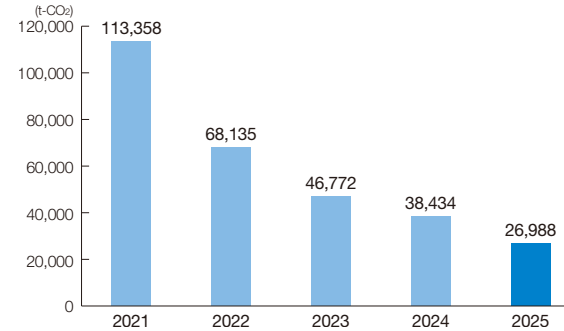
Financial and Non-financial Highlights

Dividend per share/Dividend payout ratio
(consolidated settlement) (FY)



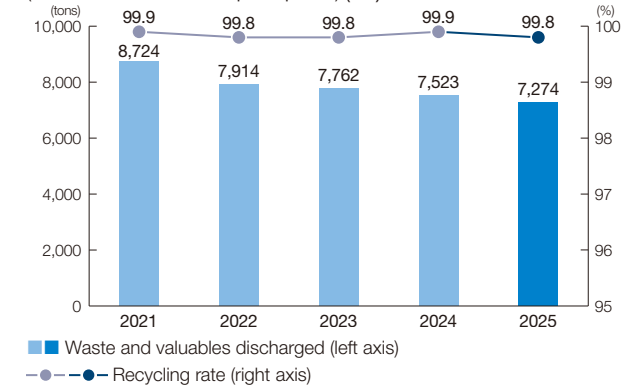
In addition to our basic policy of stable dividends, we adopted a policy of maintaining a payout ratio of at least 30% from FY2024. The FY2025 dividend was unchanged year on year at ¥60 per share, with a payout ratio of 57.2%.

Total greenhouse gas emissions (Scope 1 and 2, consolidated basis)* (FY)



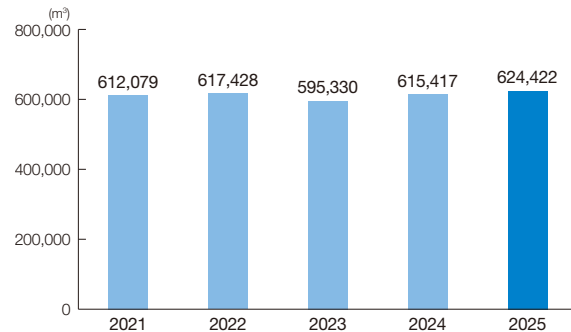
Total greenhouse gas emissions are declining due to promoting the adoption of renewable electricity, solar power generation, and energy-saving initiatives. We will continue to monitor electricity consumption, promote energy conservation, and expand renewable energy use.

Waste and valuables discharged/Recycling rate
(total of domestic JAE Group companies) (FY)



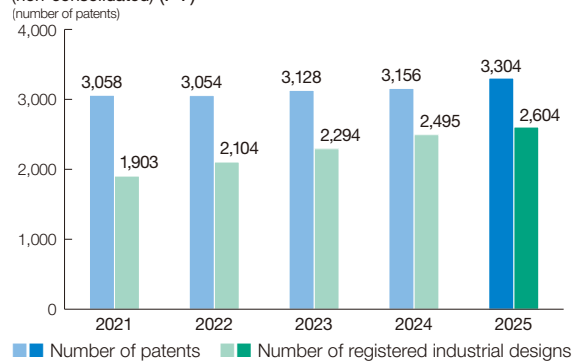
Waste and valuables discharged have decreased year by year through thorough separation, recycling, and the conversion of waste plastics into valuables. Ongoing initiatives have kept the recycling rate above 99%, reaching 99.8% in FY2025.

Water usage (FY)



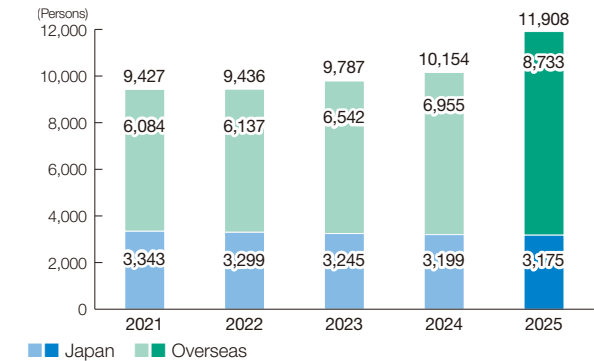
Water usage has remained stable as each site advances reductions through water recycling and water-saving equipment. We will strengthen consumption monitoring and enhance reduction measures, including for air-conditioning equipment.

Number of patents/Number of registered industrial designs
(non-consolidated) (FY)



We are expanding our patent portfolio for global growth, and both patents and registered industrial designs held are trending upward. We will continue to acquire patents in line with our intellectual property strategy.

Number of employees (FY)



With JAE Tijuana entering the scope of consolidation in FY2025, 1,281 of its employees were added, lifting overseas headcount from 6,955 to 8,733 and increasing consolidated headcount.

* Excluding overseas sales companies

On Publishing JAE Report 2026



Shigeto Ihara

Director and Associate Senior Vice President
(in charge of Corporate Planning and Investor Relations)

The JAE Group publishes the JAE Report to deepen dialogue with all stakeholders, including investors. This report covers a broad range of topics, including our growth strategies, financial position, and sustainability initiatives. By providing transparent information, it helps us build relationships of trust with our stakeholders.

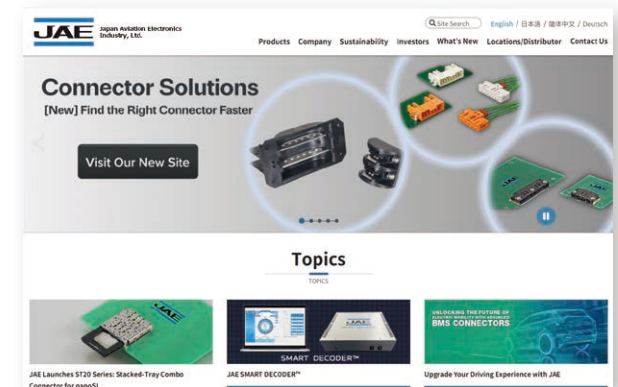
In JAE Report 2026, we further develop our value creation story around the newly formulated Medium-term Management Plan (FY2026-FY2028) and a new materiality framework that incorporates issues linked to value creation.

The Medium-term Management Plan sets out how we will reshape our business mix by clearly identifying focus areas and areas from which to withdraw, with the aim of restoring profitability and strengthening our growth potential. Specifically, it presents initiatives to transform our business portfolio and strengthen our business foundations, strategies for expansion in priority regions, and initiatives for collaboration with the Kyocera Group, with which we entered into a capital and business alliance in 2025. Through an expanded roundtable discussion with outside directors, we also clearly communicate efforts to enhance the effectiveness of the Board of Directors, the involvement of outside directors in formulating the Medium-term Management Plan, and initiatives to strengthen the governance framework supporting sustainable growth. In addition, we systematically present the newly identified materiality issues related to value creation and provide enhanced disclosure on human rights due diligence as part of our efforts to advance sustainability management.

This report was primarily created by the Corporate Planning and Investor Relations Division with extensive cooperation from each business department and the management team. As the person in charge of preparing this report, I hereby certify that the information contained within is accurate and that the production process was appropriate.

I hope that this report will help to enhance your understanding and serve to facilitate dialogue. We also appreciate any feedback or requests from our stakeholders.

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Corporate and Stock Information

Company Outline

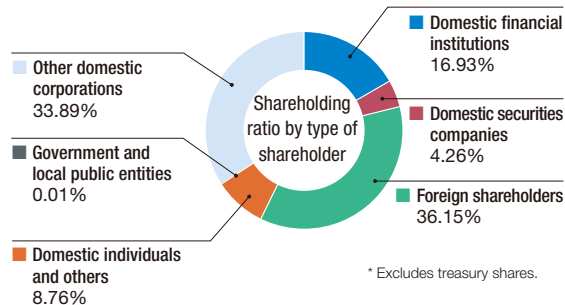
Company Name	Japan Aviation Electronics Industry, Limited
Establishment of Business	August 20, 1953
Head Office	21-1, Dogenzaka 1-chome, Shibuya-ku, Tokyo 150-0043, Japan
Capital	¥10.69 billion
Stock Exchange Listing	Tokyo Stock Exchange, Prime Market Securities Code: 6807
Main Business	Manufacturing and sales of connectors, user interface solutions (touch panels, touch panel monitors, panel units), and aerospace equipment (electronic devices, parts, and applied products for air and spacecraft)

Shares of the Company

(as of March 31, 2026)

Total number of shares authorized	350,000,000 shares
Total number of issued shares	70,302,608 shares (including 2,874,359 treasury shares)
Number of shares per share unit	100 shares
Number of shareholders	7,262

Shareholdings by Type of Shareholder



Major shareholders (top 10 shareholders)

Name of shareholder	Number of shares held (shares)	Shareholding ratio (%)
KYOCERA Corporation	22,232,269	32.97
The Master Trust Bank of Japan, Ltd. (Trust account)	5,711,800	8.47
THE CHASE MANHATTAN BANK, N.A. LONDON SPECIAL ACCOUNT NO.1	4,625,100	6.86
GOLDMAN SACHS INTERNATIONAL	3,074,418	4.56
Custody Bank of Japan, Ltd. (Trust account)	2,903,900	4.31
MSIP CLIENT SECURITIES	2,185,400	3.24
JPMorgan Securities Japan Co., Ltd.	2,027,797	3.01
STATE STREET BANK AND TRUST COMPANY 505001	1,569,504	2.33
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	1,386,107	2.06
CHARLES SCHWAB FBO CUSTOMER	995,228	1.48

*1. The Company also holds 2,874,359 treasury shares which have been excluded from the calculation of major shareholders and shareholding ratios shown above.

*2. Pursuant to the share transfer agreement dated October 30, 2025, between KYOCERA Corporation and NEC Corporation, KYOCERA Corporation acquired 22,232,269 of the Company's shares held by NEC Corporation on October 31, 2025.

Locations

Japan Aviation Electronics Industry, Limited

Plants / Branch Offices / Sales Offices

- Akishima Plant
- Osaka Branch Office
- Chubu Branch Office
- Sendai Sales Office
- Utsunomiya Sales Office
- Fukuoka Sales Office

Domestic Subsidiaries

- JAE Hirosaki, Ltd.
- JAE Yamagata, Ltd.
- JAE Fuji, Ltd.
- JAE Shinshu, Ltd.
- Meiyu-Giken Co., Ltd.
- JAE Hakko, Ltd.
- Nikko Logistics, Corp.
- Hirosaki Hakko, Ltd.
- JAE Business Support, Ltd.
- JAE Foods, Ltd.

Global Subsidiaries (Asian Area)

- JAE Taiwan, Ltd.
- JAE Wuxi Co., Ltd.
- JAE Wujiang Co., Ltd.
- JAE Shanghai Co., Ltd.
- JAE Hong Kong Ltd.
- JAE Dongguan Service Co., Ltd.
- JAE Philippines, Inc.
- JAE Singapore Pte Ltd.
- JAE Korea, Inc.
- JAE Electronics India Pvt. Ltd.

Global Subsidiaries (North American Area)

- JAE Oregon, Inc.
- JAE Tijuana, S.A. de C.V.
- JAE Electronics, Inc.
- JAE Houston, LLC
- Tooltronix Ltd.

Global Subsidiaries (European Area)

- JAE Europe, Ltd.



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