EV Components Business Group

Striving to strengthen our business foundation through effective utilization of assets and technological superiority

Executive Vice President & Executive Officer, Strategic Group Leader, EV Components Business Group

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* EV Components Business Group figures are included in those of the Mobility & Electrical Components Business Group.

Results and Challenges in the Previous Medium-Term Management Plan

Results

- **Expanded number of models with our products thanks to growing orders for Japanese automakers**
- **Launched an integrated motor-inverter unit to the market**
- **Established new domestic and overseas production bases (Nagoya, China)**

Challenges

- **Obtaining stable orders for rear motors, small e-Axles, etc., and normalizing production**
- **Expanding product offerings and shortening development sprints by developing customer spec-driven derivative models from standard models**
- **Improving quality by strengthening project management and increasing productivity through predictive maintenance of facilities and inventory optimization**

Opportunities

- Rising environmental awareness, regulations in various countries
- Creating a new supply chain following automaker reorganization
- Growing needs for 4WD electric vehicles and compact electric vehicles
- Advancing investments in charger infrastructure and other initiatives to accelerate popularization

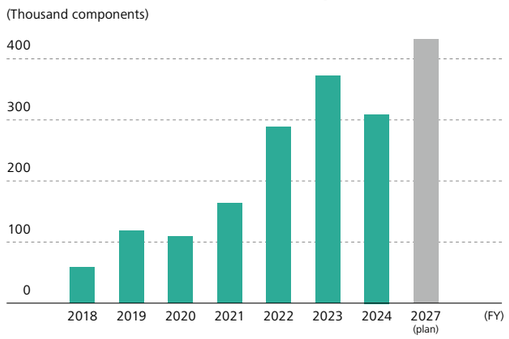
Risks

- Increasing commoditization in the electric powertrain sector
- Shifting balance of market share in global automotive competition
- Supply chain disruption due to tightening of tariffs in the U.S. and other countries
- Decreasing sales volume of vehicles equipped with Meidensha products

Strengths

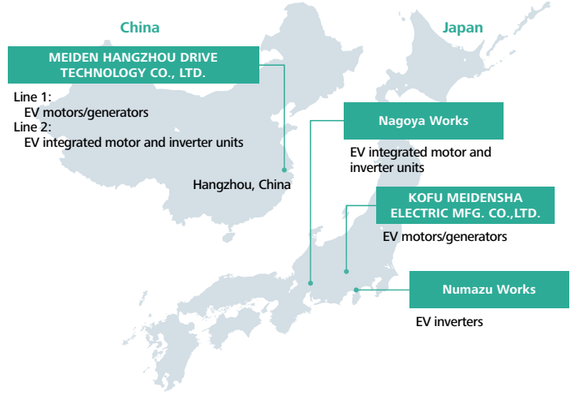
- Flexible production lines differentiating in quality, cost, and delivery (QCD) and a proven track record as a pioneer of EV drive units for mass production
- Control technology and design development capabilities, including motor and inverter software
- Balance of customization to meet customer specifications with mass-production benefits

Sales of EV Drive Components



*Figures calculated based on the number of automobiles.

Items Produced at Each Base

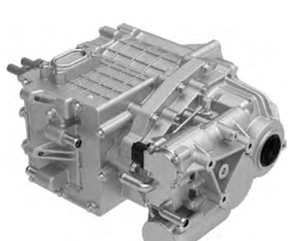


Growth Strategies in Medium-term Management Plan 2027

Q (Quality)
Quality assurance for the entire supply chain, strengthening project management from design to production

C (Cost)
Introducing integrated mechanical and electrical equipment with variable cost reduction of 30% and other cost reduction activities in design and manufacturing

D (Delivery [Supply/Production])
Improving equipment productivity through predictive maintenance, improving material productivity through inventory optimization, etc.



Ultra-compact e-Axle concept model

The electrification of cars (EV shift) has been fueled by growing environmental awareness in many countries and by subsidy measures, but these effects have now run their course and the growth rate of battery electric vehicles (BEVs) has slowed somewhat on a global basis. On the other hand, the trend toward electrification, including PHEVs and HEVs, is expected to continue toward 2030.

The Meiden Group is aiming to achieve sales of 70 billion yen and the No. 1 share of the rear motor/compact car market in FY2030, and to continue to receive orders from existing customers and to make inroads with new Japanese automaker customers.

Under Medium-term Management Plan 2027, we will optimize our business by reviewing our product portfolio, and by shifting to a proposal-based sales approach, we will establish a stable production load and a foundation that will generate stable profits. In addition to a shift to proposal-based sales, our basic strategy is to promote priority measures in the areas of Q (quality), C (cost), and D (delivery; more specifically supply and production).

Growth Strategy 1 Developing Derivative Models from Standard Models (Shift to Proposal-based Sales)

While leveraging our strength of flexibly adapting to customer specifications, we will continue to shift to a proposal-based sales approach that proactively proposes optimized performance and cost to customers. Specifically, we will develop a standard model for each output band, creating more compact models through higher rotation speeds in integrated mechanical and electrical equipment. These standard models will then become the basis for newly-developed derivative models such as those specialized for greater efficiency or greater cost. This will enable us to offer a wider range of product proposals, improve our ability to respond to customer needs, and shorten delivery times by enabling development harnessing standard models.

Resolving Materiality Through Business Strategy

1 Realization of a carbon-neutral society
Expanding sales of BEV/PHEV products that do not emit CO_2 while driving
FY2024 results

2 Realization of a safe, secure, and convenient society
Exploring expanded product applications in non-EV mobility fields as a long-term goal
Action in MTMP 2027

3 Upgrading value provision
Developing derivative models from standard models (shift to proposal-based sales)
Action in MTMP 2027

TOPICS

World's First Motor Drive via SiC Power Module with a Built-in SiC CMOS Drive Circuit

In joint development with the National Institute of Advanced Industrial Science and Technology (AIST), Meidensha has jointly developed the world's first motor drive using a silicon carbide complementary metal-oxide semiconductor (SiC CMOS) power module. Though conventional SiC power devices already offer high energy-saving performance, they pose the risk of malfunction due to noise. Therefore, they have only been used in extremely slow switching operations and have not been able to demonstrate their full potential.

The newly-developed drive method replaces SiC power modules with SiC CMOS power modules, unlocking high-speed switching with reduced noise, thereby reducing energy loss to approximately one-tenth of previous levels. With this technology, we aim to improve the efficiency and competitiveness of EV drive motors and industrial motors.