

EXEDY's Resolution to Acquire its Own Shares—No Immediate Impact on Rating

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on EXEDY Corporation (security code: 7278)'s resolution to acquire its own shares.

- (1) On October 29, EXEDY Corporation (the "Company") announced that it would acquire up to 30 billion yen worth of its own shares with the aim of increasing capital efficiency and enhancing shareholder returns. The Company plans to use funds raised from external sources and funds generated by reducing working capital to acquire the shares.
- (2) JCR has previously considered that it would have been possible to watch for the Company's efforts and the results for improving its future performance for the time being against the backdrop of its strong financial base. Although the share buyback is expected to result in an increase in interest-bearing debt and a decrease in equity attributable to owners of parent, the equity attributable to owners of parent as of the end of the second quarter of the fiscal year ending March 2025 (FY2024) was 206.3 billion yen, so there is little concern that the Company's financial strength will be undermined. In addition, the target ratio of equity attributable to owners of parent at the end of FY2025 is set around 60%, and the financial structure is expected to remain at a good level. For this reason, JCR does not believe it is necessary to immediately change the JCR's previous views about the Company's rating.

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<Reference>

Issuer: EXEDY Corporation

Long-term Issuer Rating: A+ Outlook: Stable

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