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Date: April 17, 2026

Company Name: Akebono Brake Industry Co., Ltd.
Representative: Hiroshi Nagaoka, President & CEO
(Securities Code: 7238; TSE Prime Market)

**Announcement Regarding Change in Consolidated Subsidiary
(Transfer of Equity Interests and Third-Party Capital Increase)
and Recording of Extraordinary Income**

Akebono Brake Industry Co., Ltd. (the “Company”) hereby announces that, at a meeting of the Board of Directors held today, it resolved to transfer a portion of its equity interests in Akebono Corporation (Guangzhou) (“ACG”), a consolidated subsidiary of the Company in China, to its joint venture partner, Fujiwa Machinery Industry (Kunshan) Co., Ltd., and that ACG will implement a third-party capital increase (collectively, the “Transaction”).

In connection with the Transaction, the Company also expects to record extraordinary income, as described below.

Upon completion of the Transaction, ACG is expected to be reclassified from a consolidated subsidiary to an equity-method affiliate of the Company.

1. Reason for and Method of the Transaction

ACG was established with the primary purpose of manufacturing and selling disc brakes and drum brakes in China.

As part of the restructuring of the Company’s business operations in China, the Company has decided to transfer the principal responsibility for the management of ACG to Fujiwa Machinery Industry (Kunshan) Co., Ltd. and its parent company, LIOHO MACHINE WORKS, LTD. (including its affiliated companies, collectively the “LIOHO Group”), and to place greater emphasis on the management of Akebono Corporation (Suzhou), which manufactures and sells disc brake pads.

In connection with the transfer of the principal responsibility for management, the Company will transfer approximately half of its equity interests in ACG to Fujiwa Machinery Industry (Kunshan) Co., Ltd., and, at the same time, ACG will implement a third-party capital increase under which approximately 18% of its capital will be contributed by Kunshan Technical Automotive Center Co., Ltd., a member of the LIOHO Group.

As a result of these transactions, the ownership ratios in ACG will change to 30% for the Company, 55% for Fujiwa Machinery Industry (Kunshan) Co., Ltd., and 15% for Kunshan Technical Automotive Center Co., Ltd.

2. Outline of the Subsidiary Subject to the Change

(1)	Company Name	Akebono Corporation (Guangzhou)
(2)	Location	No. 8 Hefeng 1st Street, Yonghe Economic Zone of Guangzhou Development District, Guangzhou
(3)	Representative	Masaaki Ando, Chairman of the Board

(4)	Business Contents	Manufacture and sales of disc brakes and drum brakes		
(5)	Capital	62 million yuan		
(6)	Established	October 13, 2004		
(7)	Ownership ratio	Akebono Brake Industry Co., Ltd. 70% Fujiwa Machinery Industry (Kunshan) Co., Ltd. 30%		
(8)	Relationship between the listed company and the relevant company	Capital relationship	The Company holds 70% of the equity interests.	
		Personnel relationship	One director of the Company serves as Chairman; three employees serve as directors; and one employee serves as a supervisor.	
		Business relationship	Supply of products and parts to each other.	
(9)	Financial results and financial position of the relevant company for the most recent three fiscal years			
	Fiscal year	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
	Net assets	168 million yuan	167 million yuan	197 million yuan
	Total assets	438 million yuan	339 million yuan	390 million yuan
	Net sales	451 million yuan	395 million yuan	453 million yuan
	Operating profit	11 million yuan	23 million yuan	38 million yuan
	Ordinary profit	10 million yuan	19 million yuan	41 million yuan
	Profit	6 million yuan	(1 million yuan)	31 million yuan

3. Outline of the Transferee of the Equity Interests

(1)	Company Name	Fujiwa Machinery Industry (Kunshan) Co., Ltd.		
(2)	Location	No.988 Nanhe Road, Kunshan Economic & Technology Development Zone, Jiangsu		
(3)	Representative	TSUNG HSU-SHUN, Chairman of the Board		
(4)	Business Contents	Casting, machining and assembly of automotive brake parts, drive parts and engine parts		
(5)	Capital	36.7 million U.S. dollars		
(6)	Established	December 22, 1995		
(7)	Ownership ratio	LIOHO INVESTMENT LTD SUMITOMO CORPORATION	55% (100% subsidiary of LIOHO MACHINE WORKS, LTD.) 45%	
(8)	Relationship between the listed company and the relevant company	There are no capital, personnel or business relationships between the Company and the Transferee, and it is not a related party of the Company.		

4. Outline of the Third-Party Capital Contributor

(1)	Company Name	Kunshan Technical Automotive Center Co., Ltd.
(2)	Location	Building No. 3, No. 401 Sanxiang Road, Kunshan City, Jiangsu
(3)	Representative	TSUNG HSU-SHUN, Chairman of the Board
(4)	Business Contents	Research and development, including the design, prototyping and testing of control components such as brake discs and knuckles
(5)	Capital	5 million yuan
(6)	Established	April 24, 2014

(7)	Ownership ratio	LIOHO MACHINE WORKS (CHINA) HOLDING CO., LTD. 100% (100% subsidiary of LIOHO INVESTMENT LTD)
(8)	Relationship between the listed company and the relevant company	There are no capital, personnel or business relationships between the Company and the Third-Party Capital Contributor, and it is not a related party of the Company.

5. Ownership Ratios Before and After the Transaction

(1)	Ownership ratio before the Transaction	70%
(2)	Ownership ratio after the Transaction	30%
(3)	Transfer price	Not disclosed due to confidentiality obligations under the transfer agreement and at the request of the Transferee.

6. Schedule

(1)	Execution of equity interest transfer agreement	April 27, 2026 (scheduled)
(2)	Closing of the Transaction	June 30, 2026 (scheduled)

7. Outlook

As a result of the Transaction, the Company expects to record Gain on sales of investments in capital of subsidiaries and associates of approximately 0.3 billion yen in its consolidated financial statements and approximately 1.0 billion yen in its non-consolidated financial statements for the fiscal year ending March 31, 2027, respectively.

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