

Summary of Consolidated Financial Results for the Second Quarter of the Year Ending March 31, 2024

November 16, 2023

Imasen Electric Industrial Co., Ltd.

Tokyo Stock Exchange Standard Market, Nagoya Stock Exchange Premier Market
Stock code: 7266

(The Company moved to the Tokyo Stock Exchange Standard Market on October 20, 2023.)

- I. Summary of Consolidated Financial Results for 2Q FY2024
- II. Forecasts of Consolidated Financial Results for the Year Ending March 31, 2024
- III. Initiatives in 2Q FY2024
- IV. Toward Phase 2 of the Medium- and Long-term Management Plan
- V. Shareholder Returns

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Summary of Consolidated Financial Results for 2Q FY2024



Challenge to New Imasen

Unit: million yen	2Q FY2023	2Q FY2024	Difference	Change
Net sales	45,859	47,332	+1,472	+3.2%
Operating profit	-1,137	-276	+861	—
Ordinary profit	73	208	+135	+183.0%
Profit attributable to owners of parent	-562	* -1,114	-551	—

*Includes extraordinary loss of approximately 950 million yen due to voluntary employee retirements in Japan and in China.

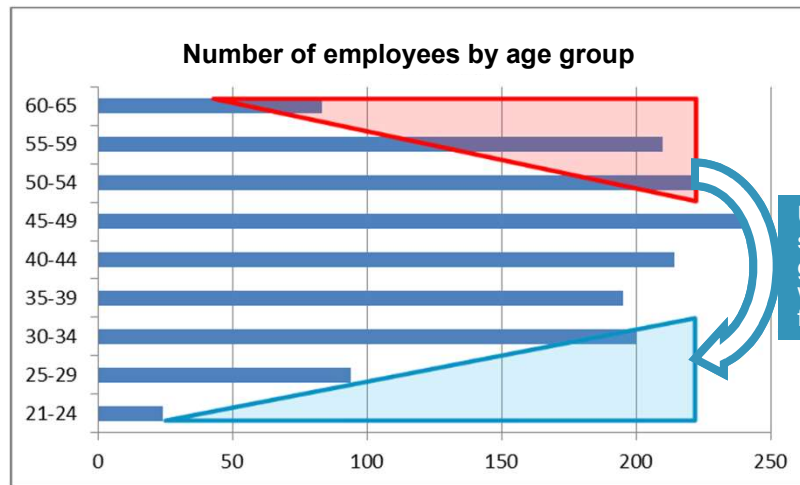
Exchange rates		2Q FY2023	2Q FY2024
	USD	123.14 yen	135.00 yen
	CNY	18.97 yen	19.46 yen
	THB	3.65 yen	3.95 yen

Initiative to Achieve a Sustainable Profit Structure

Voluntary Retirement Initiative

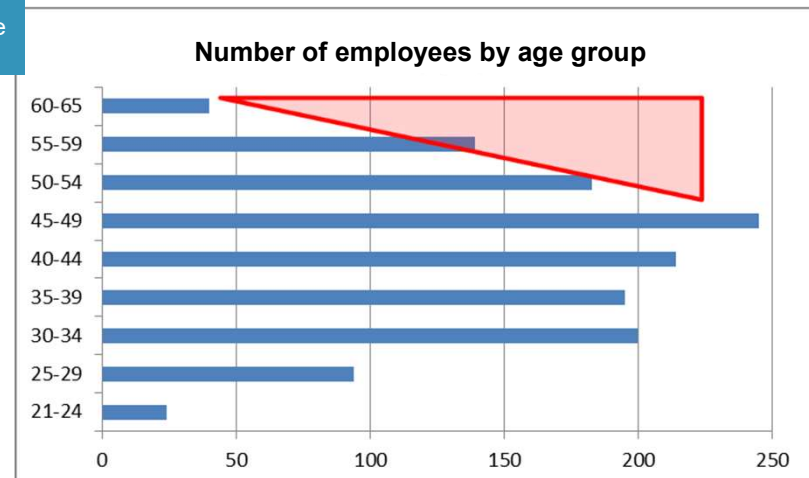
As part of management reforms and to streamline personnel structures, the Company solicited applicants for voluntary retirement. In Japan, the program was conducted from May 18 to May 31 expecting some 150 applicants, and 154 employees applied.

■ Before implementation



Moving forward, having streamlined the structure through voluntary retirements, we will position the hiring and training of the younger generation as a key issue.

■ After implementation



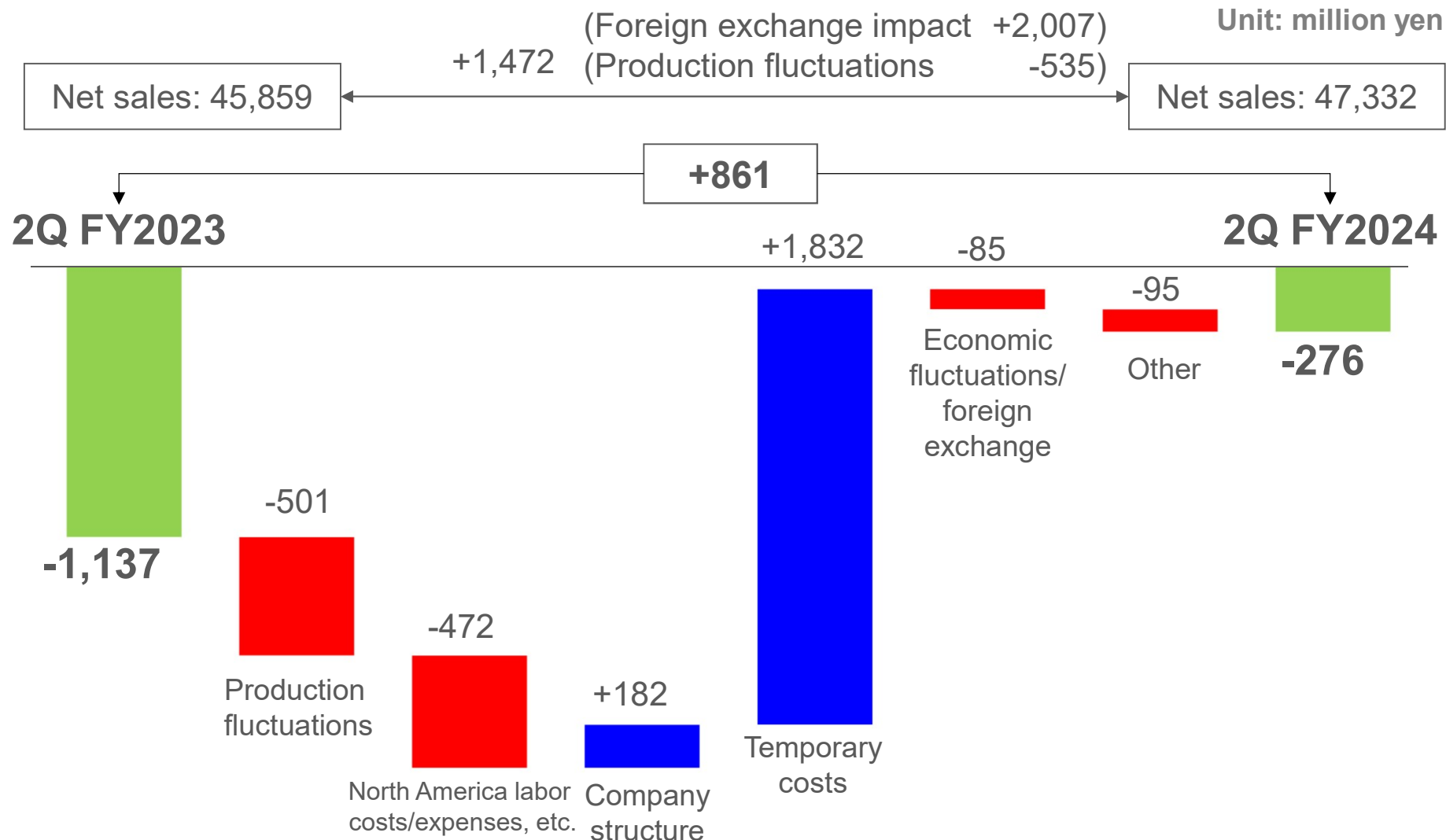
We will review the current age distribution and promote efforts to rejuvenate our human resources.

2Q FY2024 Operating Profit



Challenge to New Imasen

Unit: million yen



Even with lower production in China, operating profits increased due to the resolution of temporary costs.

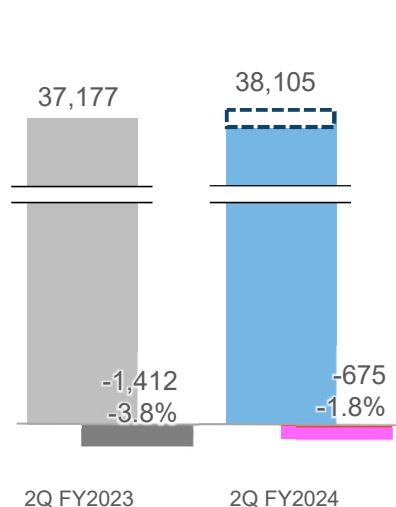
2Q FY2024 Results by Business Segment



Challenge to New Imasen

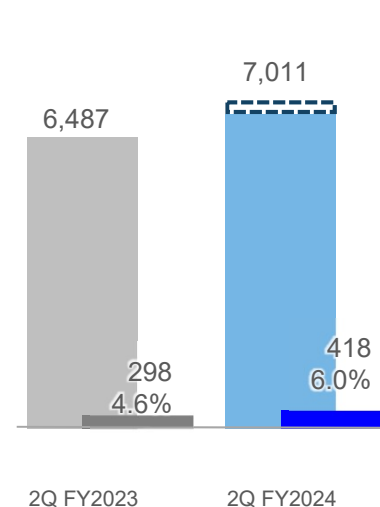
(Unit: million yen)

Seat and Electrical Equipment Business



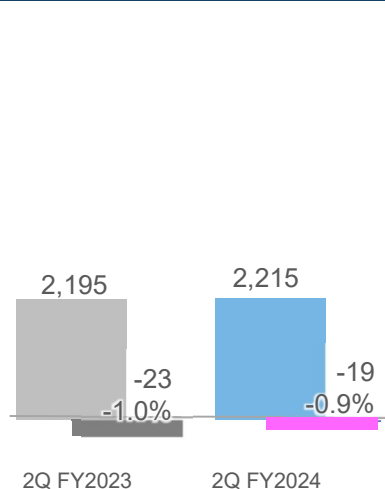
Net sales	+928 (+2.5%)
Production levels were nearly the same as the previous period, but net sales increased due to foreign exchange fluctuations.	
Operating profit	+737 (Losses shrank.)
Losses shrank due to the resolution of temporary costs.	
Exchange rate impact	
Revenue	1,841
Operating profit	-94

Electronics Business



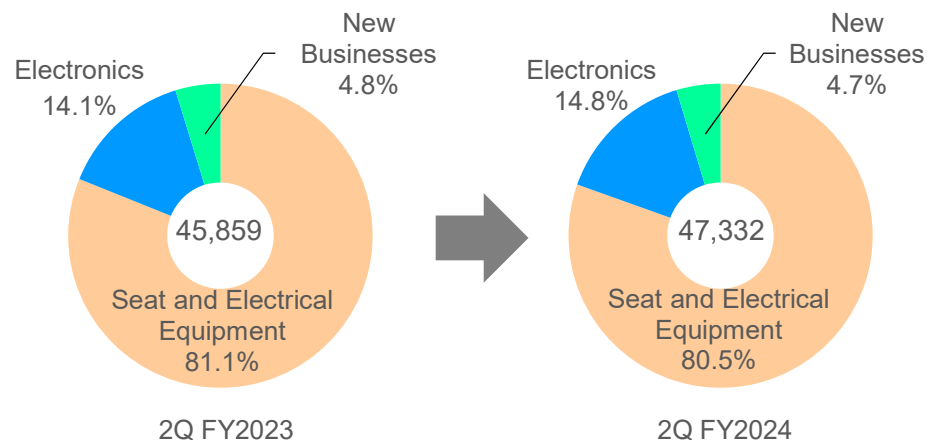
Net sales	+524 (+8.1%)
Sales increased due to expanded production, including installation in new models.	
Operating profit	+120 (+40.3%)
Profits grew due to rising revenue.	
Exchange rate impact	
Revenue	167
Operating profit	-3

New Businesses



Net sales	+20 (+0.9%)
Nearly flat.	
Operating profit	+4 (Losses shrank.)
Nearly flat.	
Exchange rate impact	
Revenue	0
Operating profit	0

Sales Breakdown by Business



*Figures for existing non-automotive businesses are included in this segment.

2Q FY2024 Results by Regional Segment



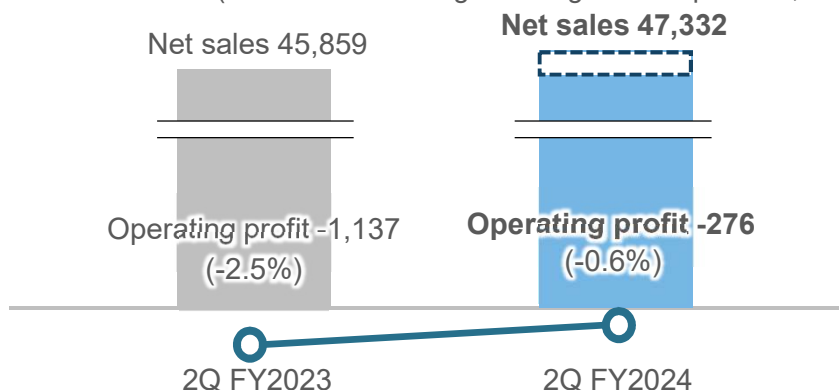
Challenge to New Imasen

(Unit: million yen)

Consolidated (after elimination)

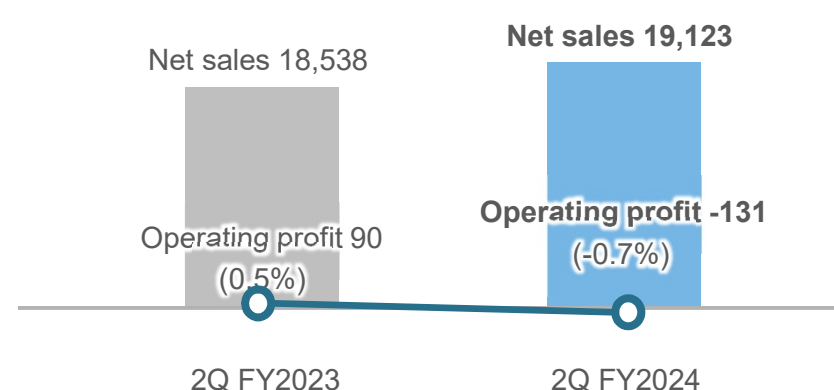
Operating losses shrank due to structural improvements and the resolution of temporary costs.

(Net sales excluding exchange rate impact: 45,325)



Japan

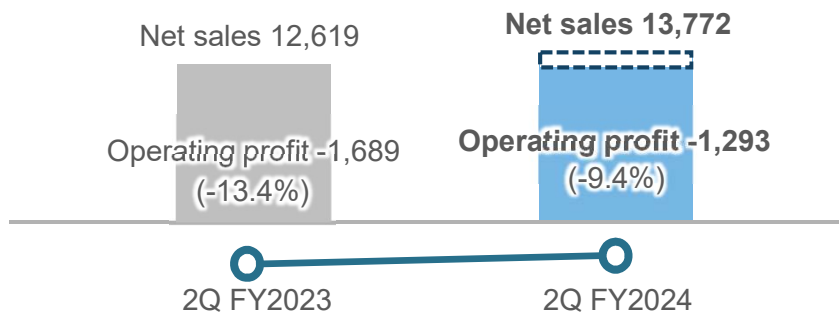
Lower profit due to the impact of soaring material costs



North America

Operating losses shrank due to temporary costs (transportation costs) dropping.

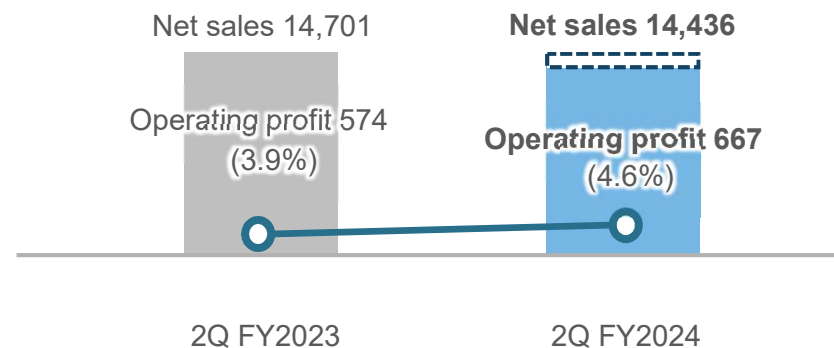
(Net sales excluding exchange rate impact: 12,542)



Asia

Profits increased thanks to cost improvements, despite lower sales in China.

(Net sales excluding exchange rate impact: 13,660)



2Q FY2024 Capital Investment and Depreciation Expense



Challenge to New Imasen

(Unit: million yen)

Capital investment			
	2Q FY2023	2Q FY2024	Difference
Japan	545	868	323
North America	229	130	-99
Asia	344	279	-65
Total	1,117	1,277	160

Depreciation expense			
	2Q FY2023	2Q FY2024	Difference
Japan	647	627	-20
North America	186	235	49
Asia	587	588	1
Total	1,419	1,450	31

<Major investments during the period>

- Japan
Growth due to investments in molds related to new vehicle model launches
- North America / Asia
Lower investment than in the previous period for new vehicle model launches; investments in automation and in-house manufacturing

- North America
Growth due to investments in new model launches during the previous period

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Forecasts of Consolidated Financial Results for FY2024



Challenge to New Imasen

Unit: million yen	Previous results (FY2023)	Forecasts (FY2024)	Difference	Change
Net sales	99,730	95,400	-4,330	-4.3%
Operating profit	-770	70	+840	—
Ordinary profit	28	50	+22	+77.8%
Profit attributable to owners of parent	-2,053	-1,970	+83	—

The full-year forecasts remain unchanged from those announced on May 12.

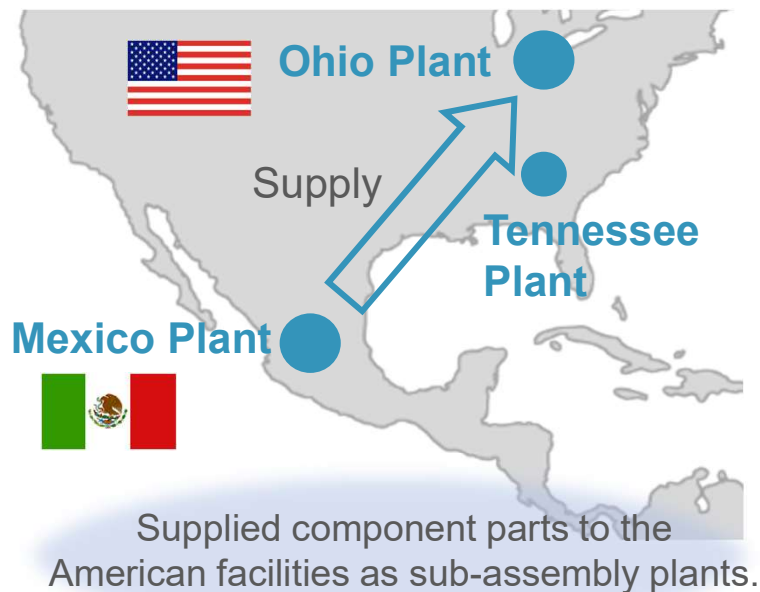
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Seat and Electrical Equipment Business Initiatives

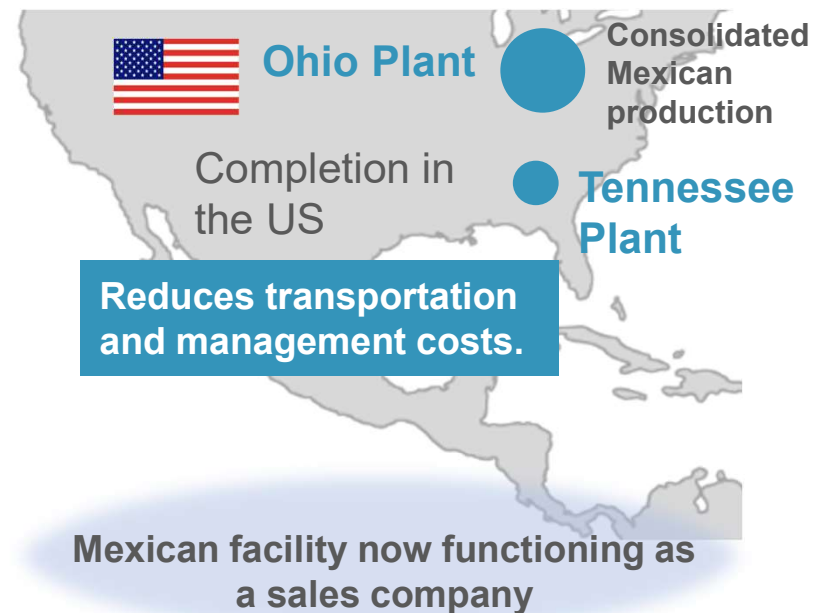
Business Consolidation in North America

In North America, we finished consolidating seat adjustor production at the Ohio Plant; this had previously been handled by the Mexico Plant. This initiative streamlines our production systems in North America and reduces transportation costs.

■ Before




■ After




Seat and Electrical Equipment Business Initiatives

Investments Targeting Expansion in the Asian Region

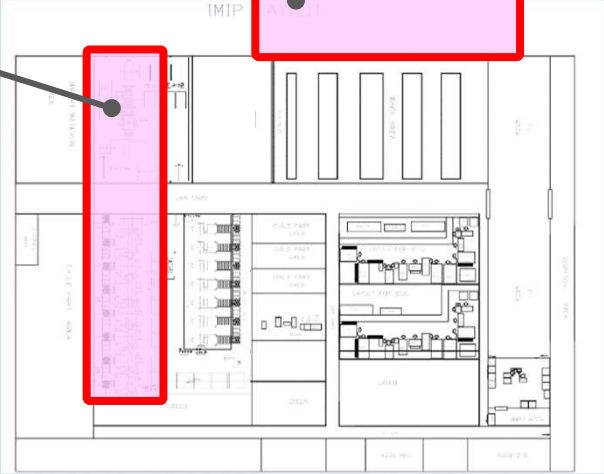
India Plant: Augmenting capacity for new product orders (press line augmented, building added)



Augmented press line




Building addition




The diagram shows a floor plan of the India plant. A red box highlights a vertical section labeled 'Augmented press line'. Another red box highlights a horizontal section labeled 'Building addition'. A photograph of the factory floor shows the augmented press line in operation.

Seat and Electrical Equipment Business Initiatives

Investments Targeting Expansion in the Asian Region

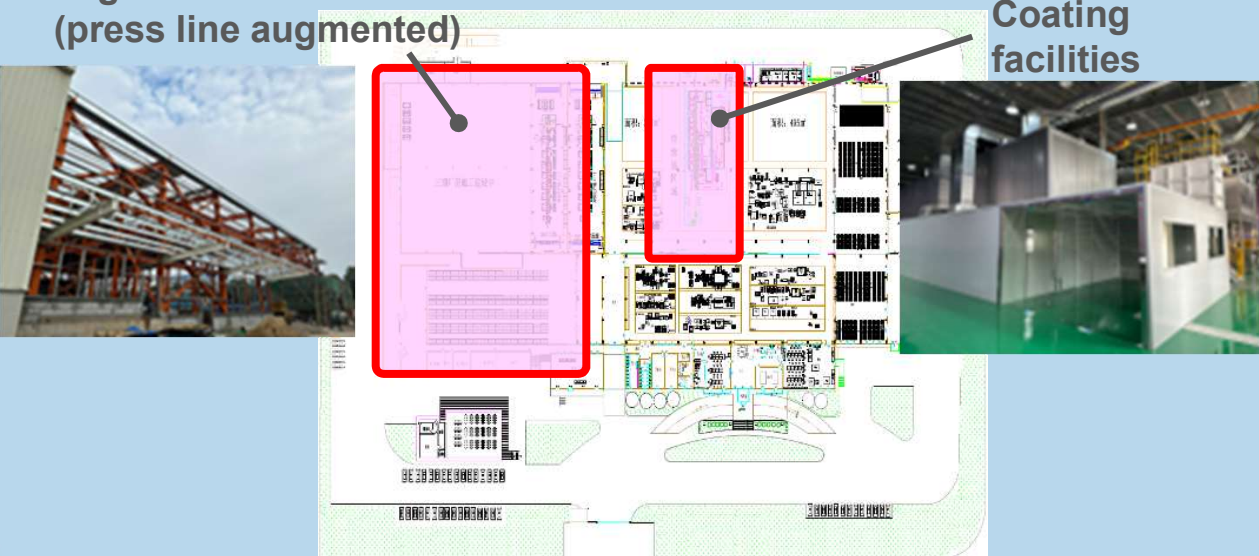


China Wuhan Plant: Building an integrated production system for in-house manufacturing to boost cost competitiveness (third-phase factory augmentation, coating facilities established)



Third-phase factory augmentation (press line augmented)

Coating facilities



■ Electronics Business: Electric drive system development

MAZDA IMASEN
ELECTRIC DRIVE

*Established August 2022



Seeks to develop electric drive products and high efficiency production technologies to build an industrial base for local communities and help realize a carbon-neutral society.

Preparations underway for mass production by augmenting human capital

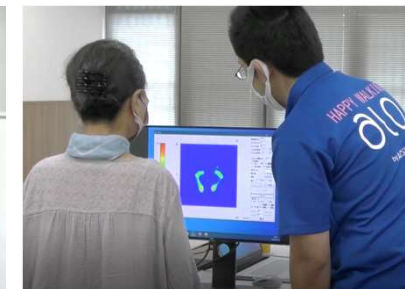
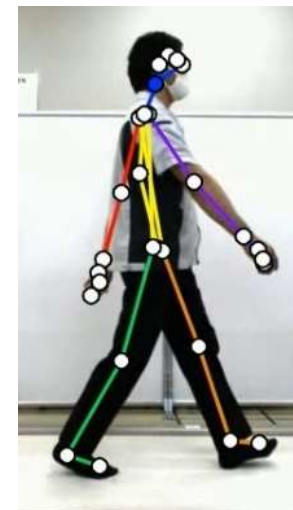
New Business Initiatives

Concluded an Agreement on Health Promotion and Preventive Long-term Care with Inuyama City in Aichi Prefecture

We are using the aLQ non-electric assistive walking device, walking measurement systems, and our associated know-how to establish a walking support business that handles everything from measuring how individuals walk to running diagnostics and generating suggestions for improvements.



Right: Yoshinobu Hara, mayor of Inuyama City



Visualizing how individuals walk using the company's proprietary walking measurement system

The agreement with Inuyama City targets further enhancements in the health of residents and helps ward off or postpone nursing care. It is also part of efforts to promote further initiatives through industry-government partnerships to establish the walking support business.

*This marks the second time the company has partnered with a municipality. The first such partnership involved Iwakura City in Aichi Prefecture in 2022.

New Business Initiatives

Medium-Term (FY2025–FY2027) Initiatives

Local governments

Preventive long-term care for citizens

Sports clubs

Health promotion for members

Health insurance associations

Health promotion for members

Hospitals and nursing care facilities

Health management for patients



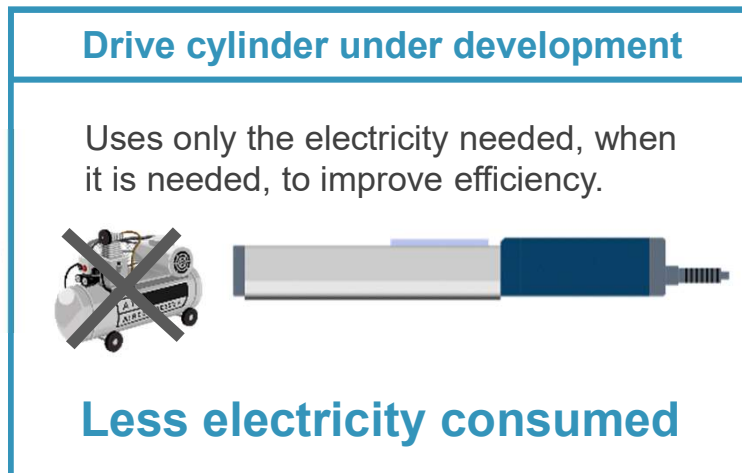
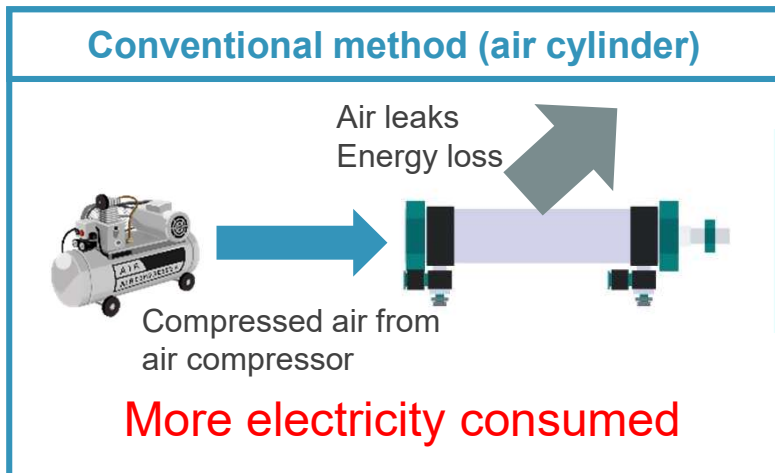
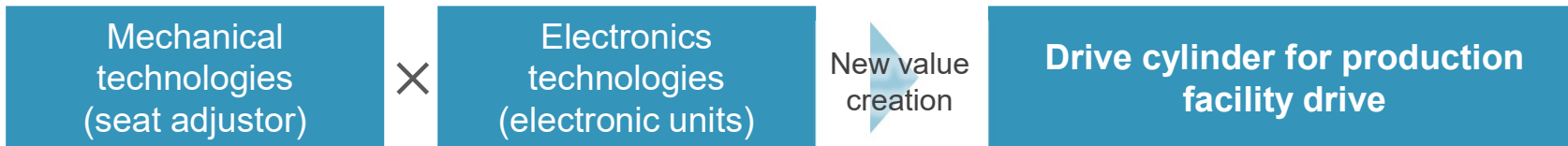
Working with various partners to improve quality of life

ESG Management Initiatives

Developing New Products that Contribute to Carbon Neutrality

Drawing on synergies between existing mechanical technologies and electronic technologies, we are developing inexpensive and energy-efficient facility drive devices.

We will test prototypes over the course of the term, deploy them at our own facilities, and eventually market them as commercial products.



ESG Management Initiatives

Exhibited at International Home Care and Rehabilitation Exhibition (H.C.R. 2023)

■ Imasen Electric Industrial booth

Using our proprietary walking measurement system, we implemented a diagnostic service that produced immediate results. Visitors were given the experience of visualizing ways of walking.



■ Imasen Engineering Corporation booth



We exhibited a wide range of electric wheelchairs and carts developed and sold by Imasen Engineering Corporation, which handles the Imasen Group welfare business.

Concept model

Side Transfer Assist Robot (STAR)

This robot is capable of moving in all directions, even in restricted spaces. Robot height can be adjusted based on the height of a bed or chair to make it easier to safely move individuals horizontally, thereby reducing burdens on care providers.



ESG Management Initiatives (Japan Imasen)

Donating Stockpiled Food

We donate stockpiled food when it needs to be replaced to local welfare facilities and food banks. Through this initiative, we seek to continue working to minimize food loss and contribute to society.



Cleanup Activities around Work Sites

As a member of the local community, we engage in cleanup activities in the areas that surround our offices and worksites.



ESG Management Initiatives (Overseas Sites)

Global Social Contribution Activities

Beach cleanup activities
Imasen Electric & Machinery Co., Ltd.
(Taiwan)

Cosponsoring local Halloween events
Imasen Bucyrus Technology Inc.'s
Tennessee Plant (Tennessee, USA)

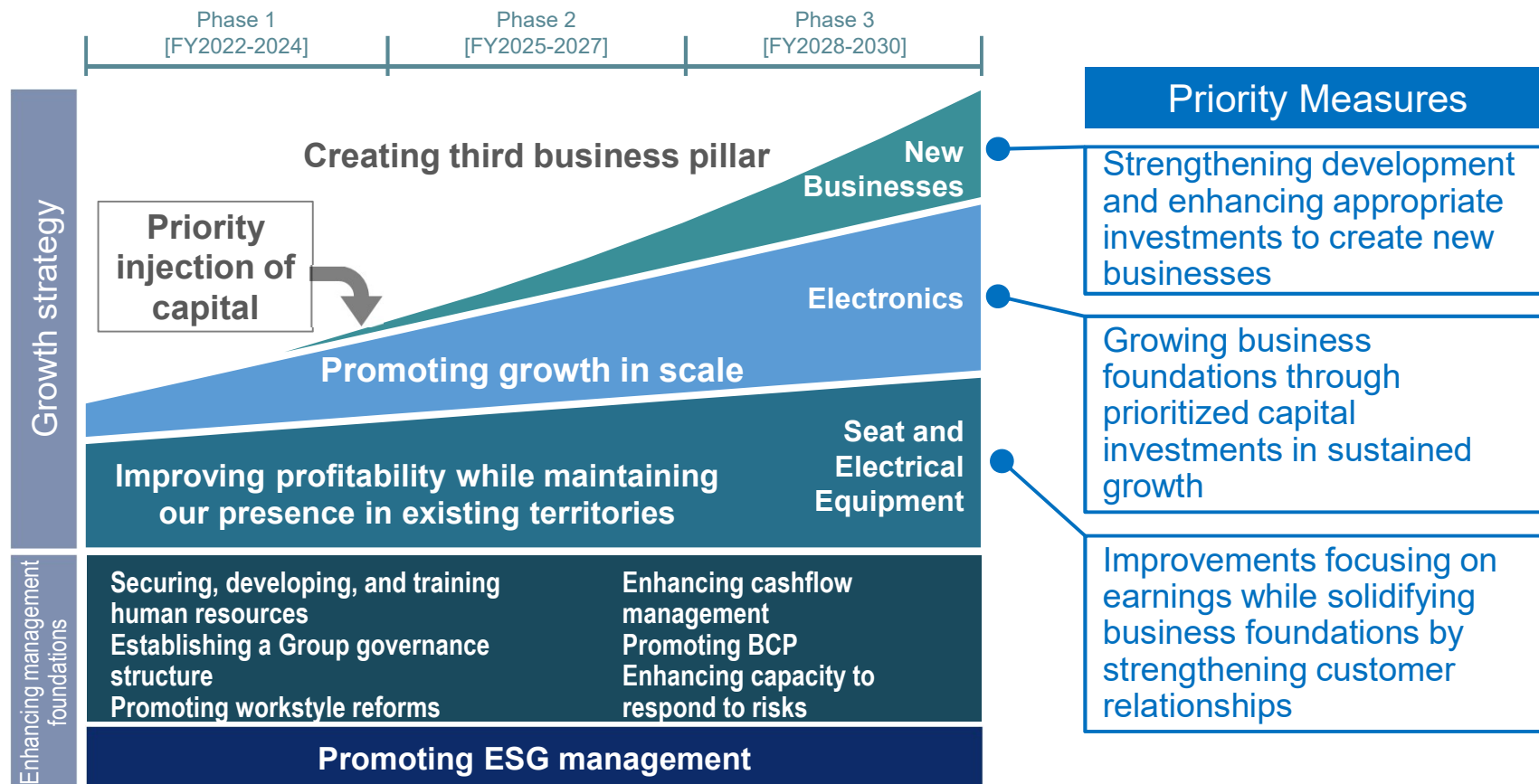
Providing school supplies for local schoolchildren
Imasen Philippine Manufacturing Corporation (Philippines)

Donations of school equipment
Imasen Manufacturing India Private Limited (India)

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Medium- and Long-term Management Plan 2029

In April 2021, we established Medium- and Long-term Management Plan 2029, under which we launched activities. We have also renewed our management philosophy to become a company that continues to be selected by society and to grow perpetually in a sustainable manner.



► Review of Phase 1 (FY2022-2024) of the Medium- and Long-term Management Plan 2029

Business	Growth strategy	Review
<p>Seat and Electrical Equipment</p>	<ul style="list-style-type: none"> • Strengthening relationships with customers • Strengthening cost competitiveness • Investing in automation 	<ul style="list-style-type: none"> ► Sales were lower due to COVID-19, the semiconductor supply shortage, and the discontinuation of certain car models. ► Acquired new orders overseas through partnership with TS TECH (in Asian region). ► Consolidated production systems, including a reorganization of domestic plants, shift to in-house manufacturing, and investments in robots and automation has made production more efficient.
<p>Electronics</p>	<ul style="list-style-type: none"> • Launching new products • Building production and supply systems • Strengthening development systems 	<ul style="list-style-type: none"> ► Deployed mixed-model line on the electronic unit assembly line. ► Opened Hiroshima No. 2 Technical Center. ► Established Mazda Imasen Electric Drive Co., Ltd., a joint venture with Mazda Motor Corporation, and launched the development of electrification using inverters. ► Established prospects for business development in Phase 2 (FY2025-2027).
<p>New Businesses</p>	<ul style="list-style-type: none"> • Strengthening development and investment 	<ul style="list-style-type: none"> ► Pivoting on aLQ, we developed a walking measurement system adopted by local governments, thereby contributing to society. ► Completed foundation building; we will promote commercialization in Phase 2 (FY2025-2027).

Sowed the seeds for business growth, even in challenging environments.

- ▶ In April 2021, we established Medium- and Long-term Management Plan 2029, under which we launched activities.
- ▶ **We will move to Phase 2 in April 2024.**



▶ Changes since the start of the Medium- to Long-term Management Plan in April 2021

External environment

- ▶ **Semiconductor shortage**
→ This has become less of an issue recently.
- ▶ **Ukraine, Middle East problems**
- ▶ **Rising prices**
- ▶ **Rising wages**
- ▶ **Soaring raw material and transportation costs**
→ Gradually declining transportation costs
- ▶ **Major fluctuations in exchange rates**

Internal environment

- ▶ **Changes in business structure** (three-legged)
→ Business growth in Electronics (full-fledged from FY2027)
→ Establishing new businesses
- ▶ **Simultaneous promotion of offense and defense**
→ Muscular management structure
→ Human resource composition targeting the future

We will update Phase 2 in response to changes.

Code of Conduct/Company Slogan

Trust & Challenge

Phase 1
(FY2022-2024)

Challenge to New Imasen

Phase 2
(FY2025-2027)

Challenge by New Imasen

Based on the **structural fortifications** of Phase 1, achieve **steady business growth** with the **changes in business composition**.

Phase 3
(FY2028-2030)

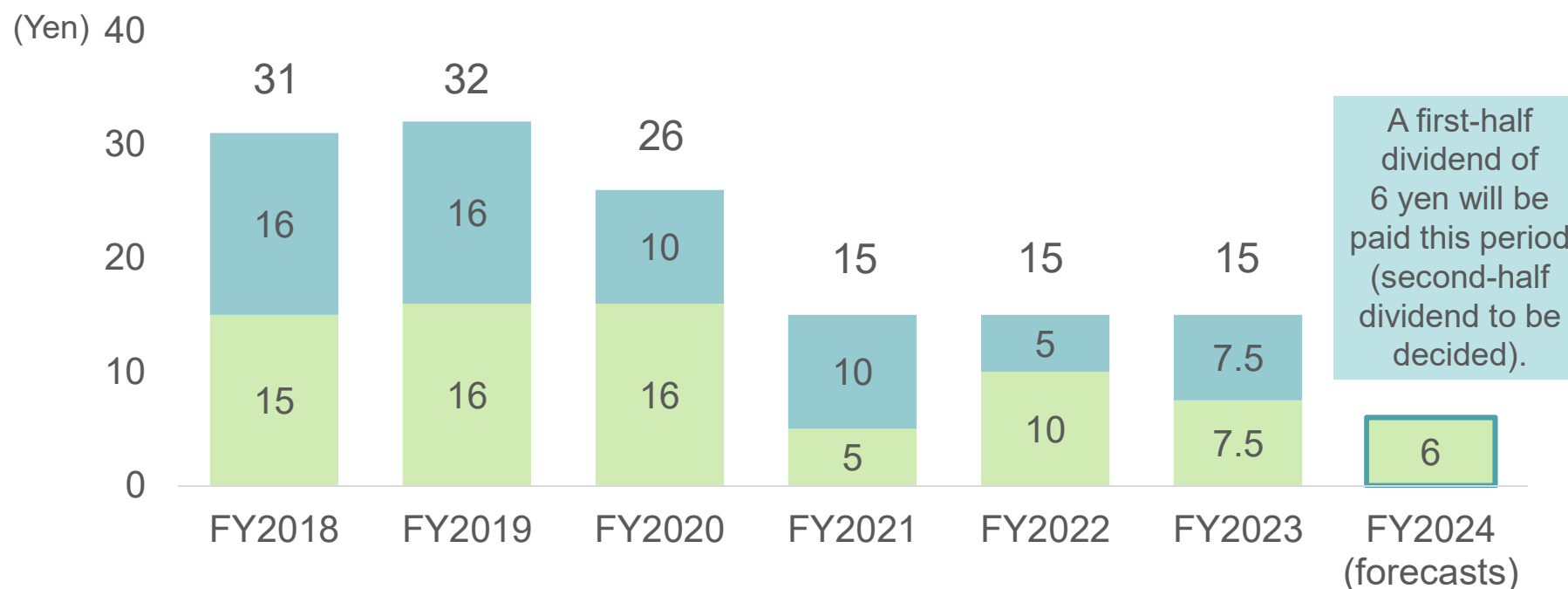
Challenge for New Imasen

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■ Projected Dividends

[Dividend policy]

As we maintain sustained growth, we will provide stable and continuous returns to our shareholders while investing to enhance our financial construction and management foundations.



Plan to pay dividends in the second half based on business results

■ Acquisition of Treasury Stock

The acquisition of treasury stock pursuant to the provisions of Article 156 of the Companies Act after applying the provision of Article 165, Paragraph 3 of the same Act, which was resolved by the Board of Directors on November 24, 2022, was completed as follows:

Summary of Treasury Stock Acquisition

Type of shares acquired:	Common stock of the company
Acquisition period:	November 25, 2022 to October 10, 2023
Acquisition method:	Market purchase on the Tokyo Stock Exchange
Total number of shares acquired:	1,150,000 shares
Total value of shares acquired:	784,470,100 yen

Trust & Challenge

Challenge to New Imasen

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- Actual results may differ from projections for various reasons.

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