

Summary of Consolidated Financial Results and Medium- and Long-term Initiatives for the Year Ending March 31, 2023 (FY2023)

May 18, 2023

Imasen Electric Industrial Co., Ltd.

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

I. Summary of Consolidated Financial Results for FY2023

Director and Executive Officer Shuichi Horibe

II. Forecasts of Consolidated Financial Results for the Year Ending March 31, 2024

Director and Executive Officer Shuichi Horibe

III. Medium- and Long-term Initiatives

President and Representative Director Takamitsu Sakurai

IV. ESG Management

President and Representative Director Takamitsu Sakurai

V. Stock Market

President and Representative Director Takamitsu Sakurai

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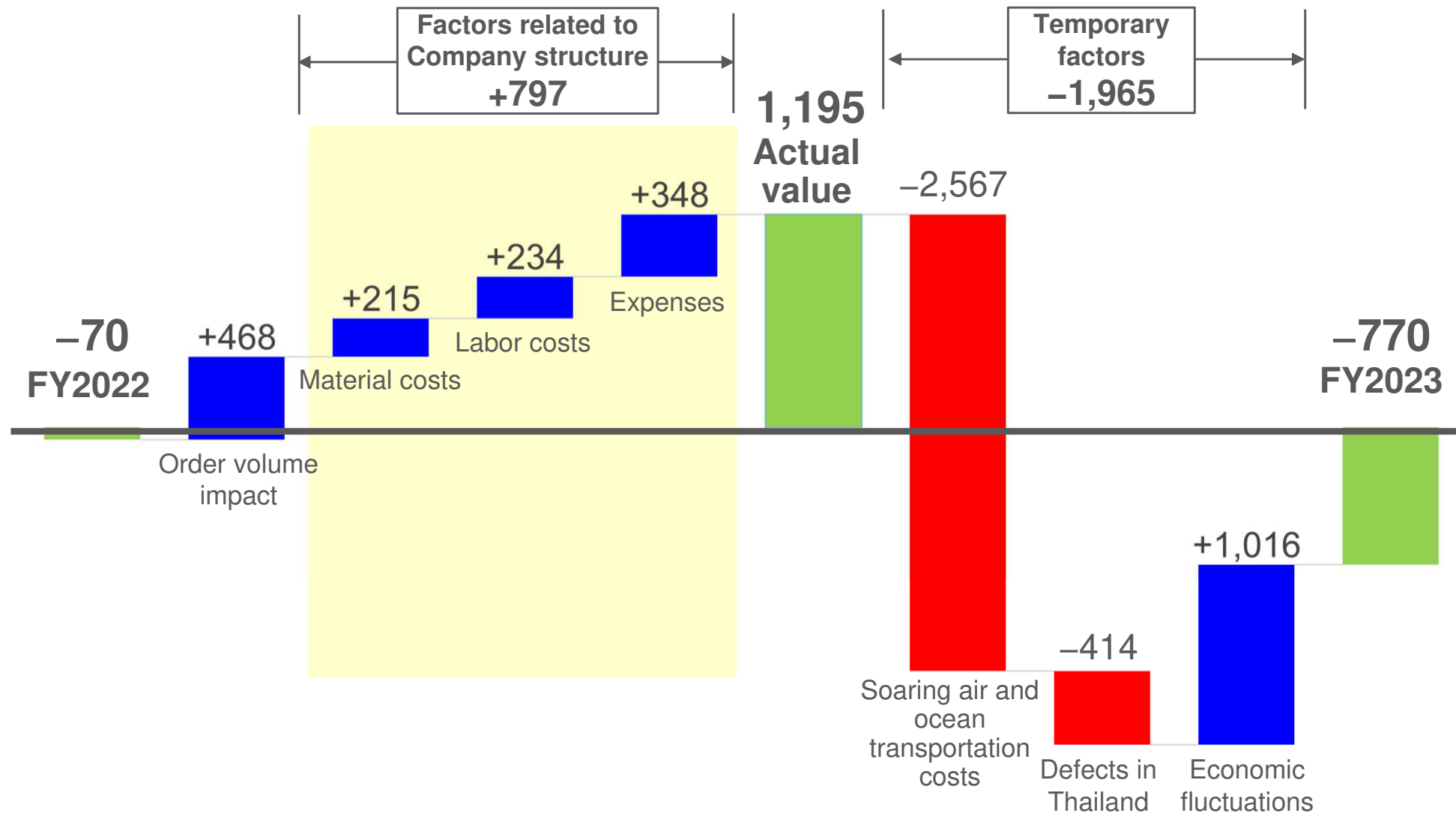
President and Representative Director Takamitsu Sakurai

Summary of Consolidated Financial Results for FY2023

Unit: million yen	FY2022	FY2023	Difference	Change
Net sales	85,155	99,730	+14,575	+17.1%
Operating profit	-70	-770	-700	-
Ordinary profit	616	28	-588	-95.4%
Profit attributable to owners of parent	-1,210	-2,053	-843	-

Exchange rates	FY2022		FY2023	
	USD	109.90 yen	▶	131.62 yen
	CNY	17.04 yen		19.50 yen
	THB	3.44 yen		3.75 yen

Unit: million yen



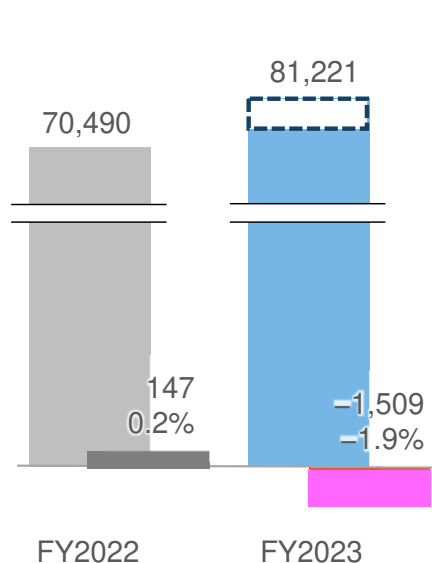
Despite efforts to improve expenses and boost production, temporary costs, including those associated with air shipments to North America in the first half and the cost of responding to defects in Thailand, resulted in an operating loss.

FY2023 Results by Business Segment

Challenge to New Imasen

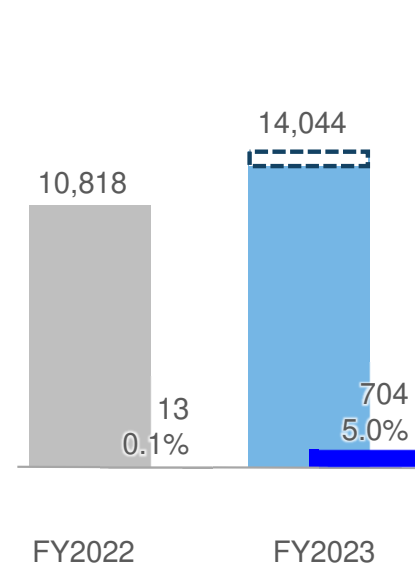
(Unit: million yen)

Seat and Electrical Equipment Business



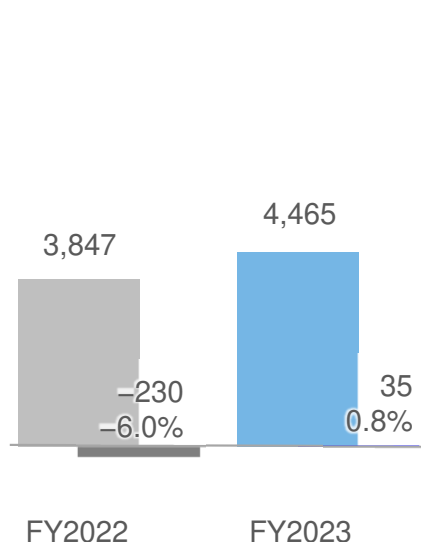
Net sales	+10,731 (+15.2%)	
Despite the lockdowns in China in the first half, net sales increased thanks to the impact of exchange rates and temporary production for recovery purposes in the first half.		
Operating profit	−1,655 (loss)	
Despite efforts to improve costs and the effects of higher sales, temporary shipping costs and the cost of responding to defects in Thailand resulted in lower profit.		
Exchange rate impact		
Revenue		8,831
Operating profit		−258

Electronics Business



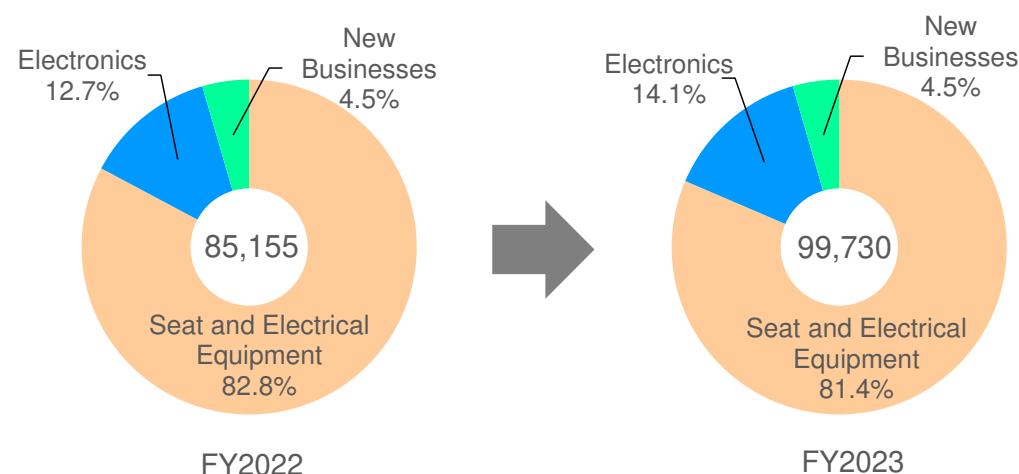
Net sales	+3,226 (+29.8%)
Sales increased due to expanded production, including installation in new models.	
Operating profit	+691 (+5,315.4%)
Increased revenues and cost control efforts led to higher earnings.	
Exchange rate impact	
Revenue	554
Operating profit	49

New Businesses



Net sales	+618 (+16.1%)
Sales grew, keeping pace with increased production in each business.	
Operating profit	+265 (restored profitability)
Increased revenues and cost control efforts led to higher earnings.	
Exchange rate impact	
Revenue	0
Operating profit	0

Sales Breakdown by Business

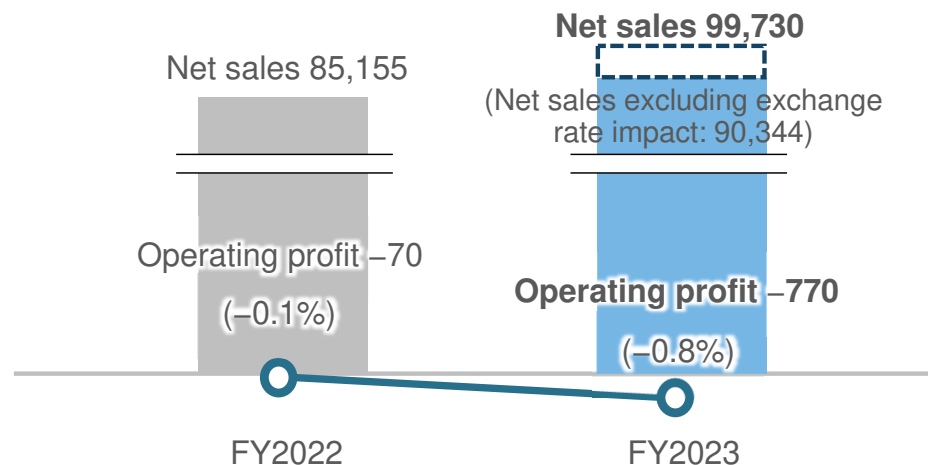


* Figures for existing non-automotive businesses are included in this segment.

(Unit: million yen)

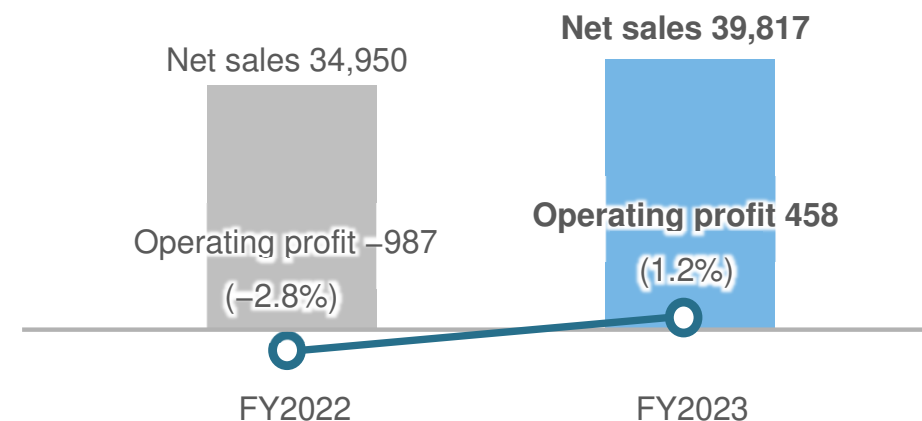
Consolidated (after elimination)

Profits decreased due to higher shipping costs. This was despite increased sales and structural improvements.



Japan

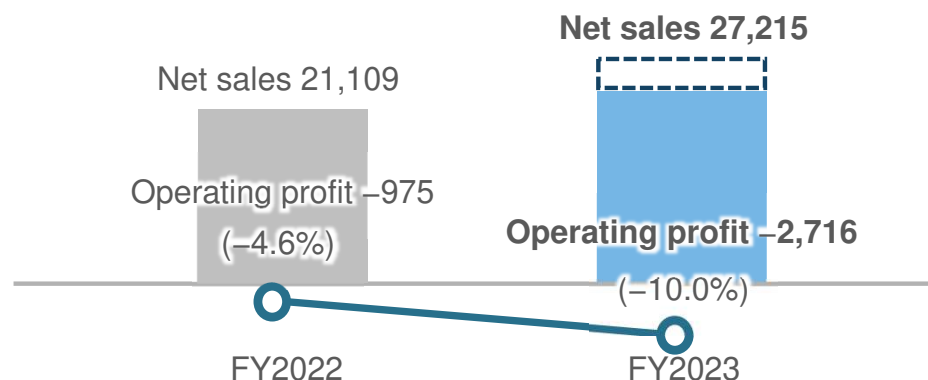
Profitability restored thanks to sales growth and structural improvements



North America

Despite increased sales, operating loss increased due to higher shipping costs.

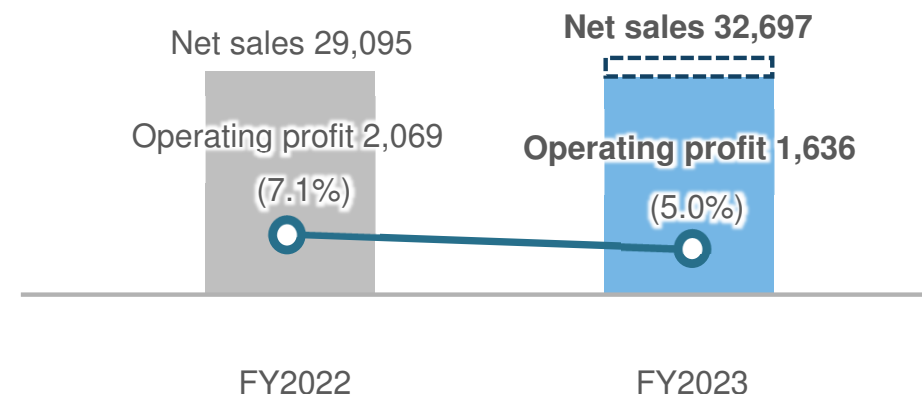
(Net sales excluding exchange rate impact: 22,344)



Asia

Profits declined due to the cost of responding to defects in Thailand. This was despite sales growth attributable to exchange rate impact.

(Net sales excluding exchange rate impact: 28,183)



(Unit: million yen)

Capital investment

	FY2022	FY2023	Difference
Japan	1,706	1,170	-536
North America	1,204	330	-874
Asia	1,037	936	-101
Total	3,947	2,436	-1,511

<Major investments during the period>

- Japan
Adopting machinery and software in the Electronics Business
- North America/Asia
Launching new products and production automation

Depreciation expense

	FY2022	FY2023	Difference
Japan	1,902	1,320	-582
North America	869	447	-422
Asia	1,100	1,182	82
Total	3,871	2,949	-922

- Japan
Decreased due to impairment effects in the previous period
- North America
Decreased due to sales of assets associated with cessation of seat production at Mexico facility

■ Improving the break-even point

Plant reorganization



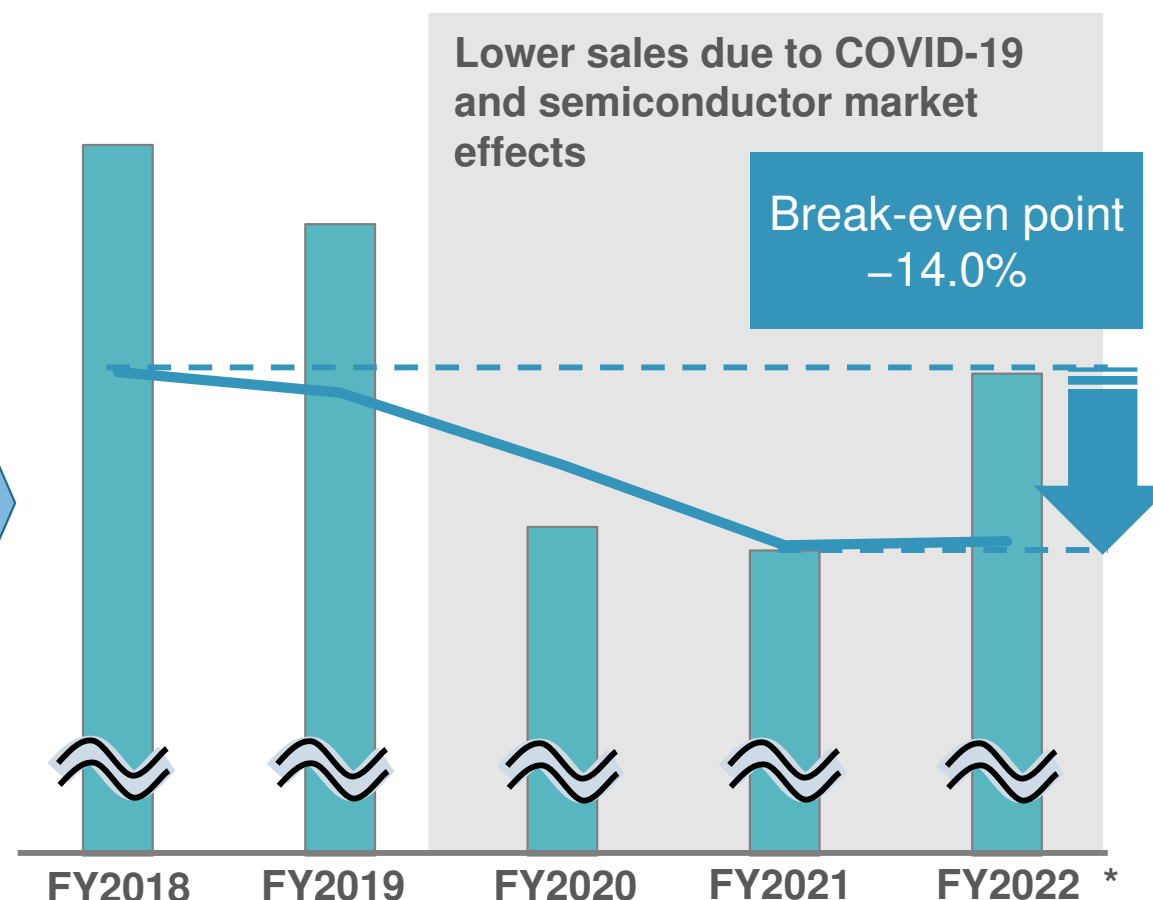
Reorganization of production plants in the Chubu region completed, resulting in lower administrative expenses and lower logistics costs between plants and processes

Adopting automated lines



Production efficiency improved thanks to the adoption of automated lines, centered on Japan, North America, and other regions associated with relatively high labor cost ratio

Net sales Break-even point



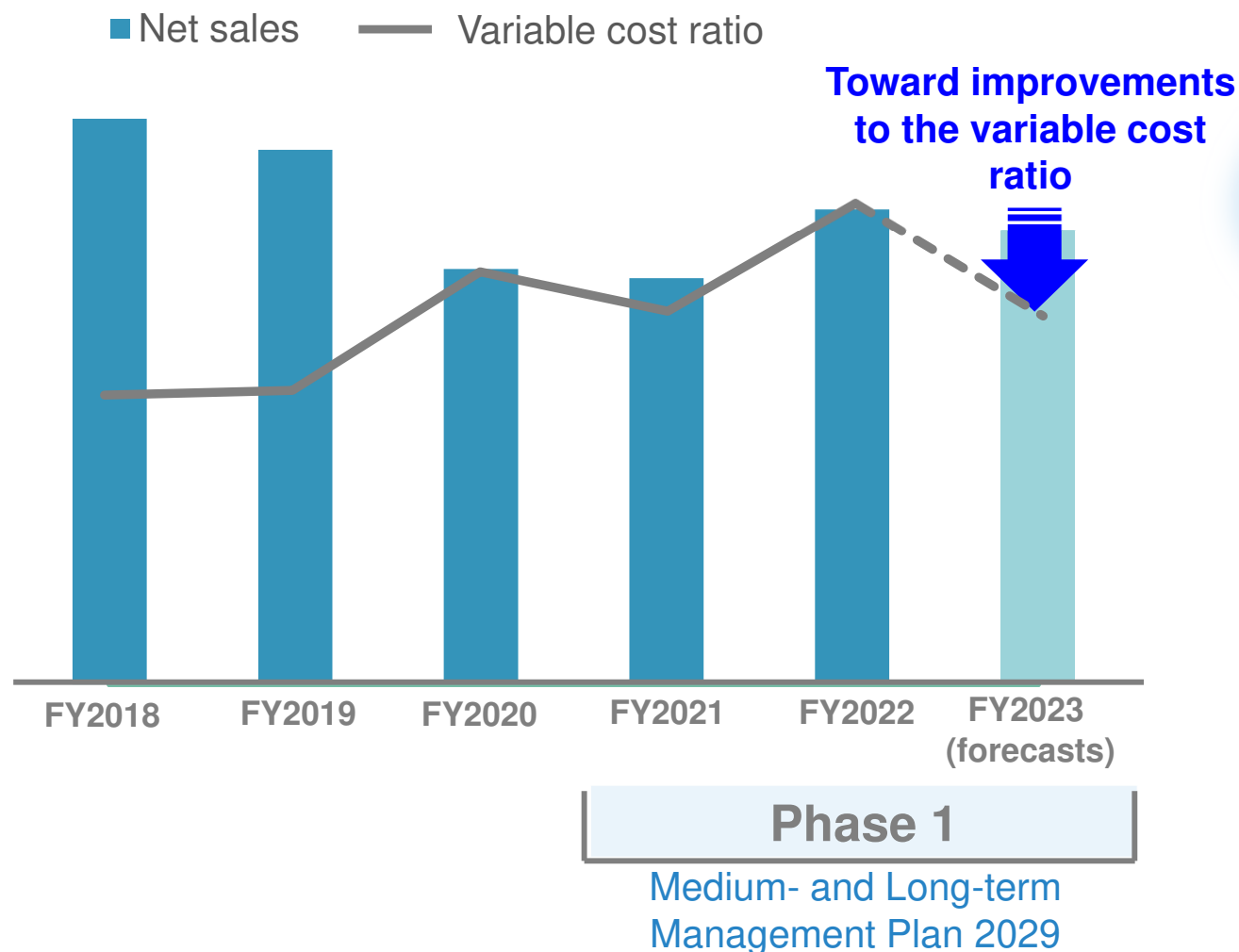
Phase 1

Medium- and Long-term
Management Plan 2029

* Temporary effects arising in 2022 are not included in calculation of the break-even point.

The break-even point has improved thanks to efforts conducted through now to cut fixed costs and improve production efficiency.

■ Issues in FY2022 and future response



<Materials costs>

■ Temporary higher cost of air and ocean transportation costs

→ Air transportation costs have returned to normal with the resolution of various logistics disruptions.
Ocean transportation costs are trending lower to pre-COVID levels.

→ Improving logistics through an alliance with TS TECH Co., Ltd.

■ Rising materials costs

→ Promoting VA/VE

→ Normalizing selling prices, promoting collections from customers

<Manufacturing and labor costs>

■ Rising wages

→ Continuing to improve production efficiency via automated production lines and other measures

→ Optimizing human resource assignments

We expect the variable cost ratio, which had been worsening due to soaring transportation costs, material costs, and wages, to improve, thanks to the resolution of temporary costs, normalization of selling prices, and various other positive factors.

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Forecasts of Consolidated Financial Results for FY2024

Unit: million yen	FY2023	FY2024 (forecasts)	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	—

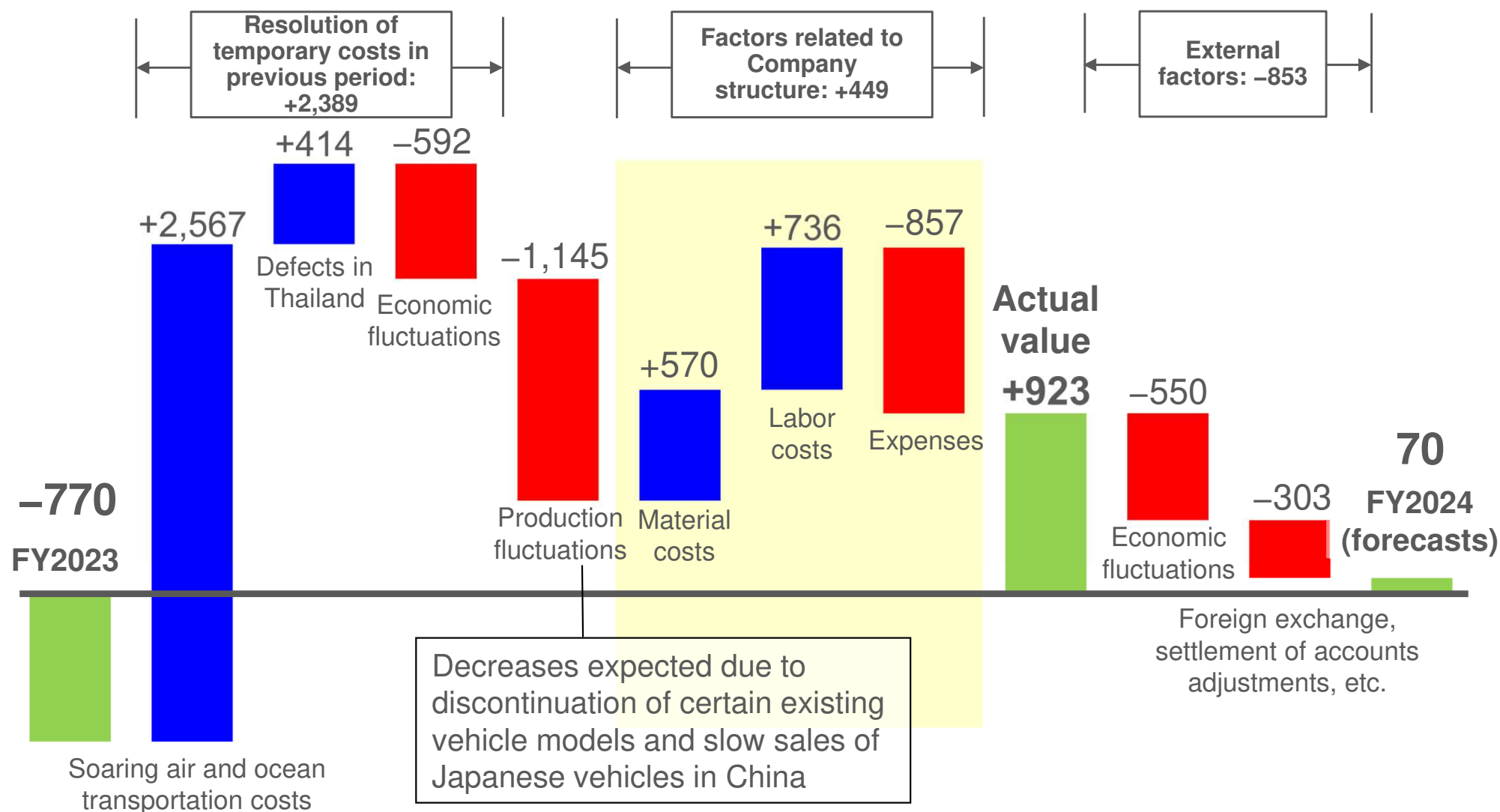
* We expect to record about 1,400 million yen in extraordinary losses from voluntary retirement programs in Japan and China.

Exchange rates	FY2023		FY2024 (forecasts)	
	USD	131.62 yen	▶	130.00 yen
	CNY	19.50 yen		19.00 yen
	THB	3.75 yen		3.80 yen

Forecasts of Operating Profit for FY2024

Challenge to New Imasen

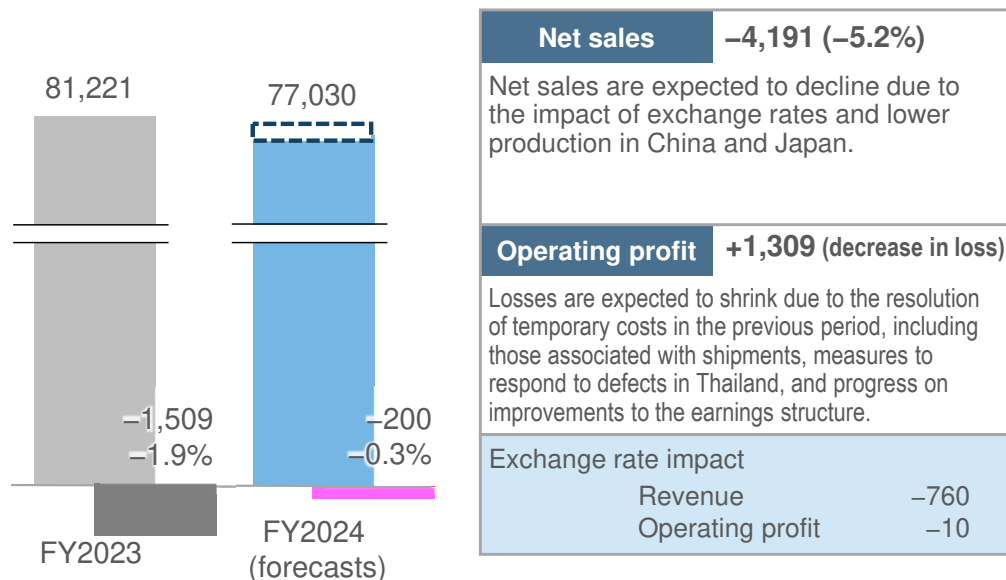
Unit: million yen



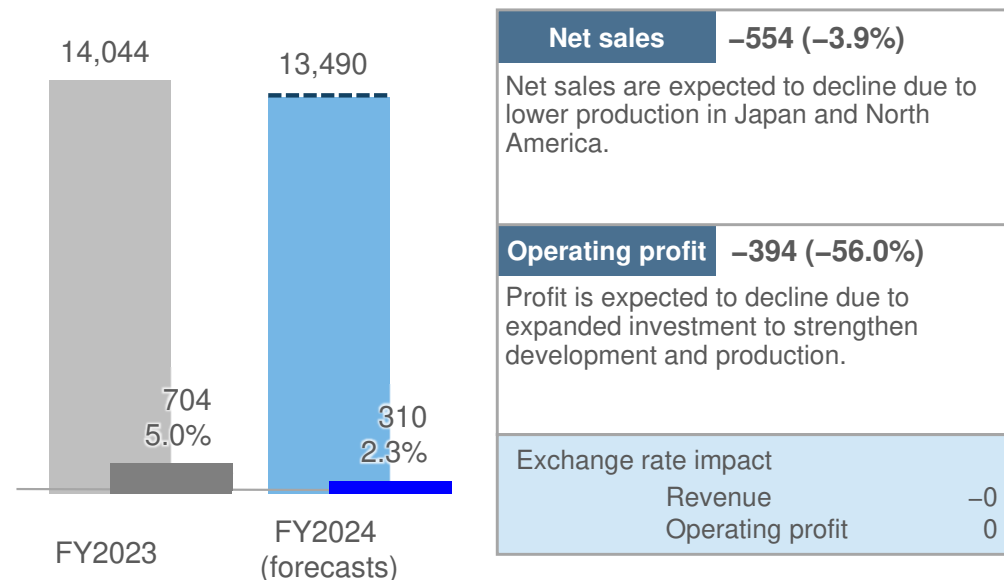
We anticipate the resolution of temporary costs in the previous period, including those associated with air shipments and defects in Thailand. However, we expect the effects of lower sales and external factors such as inflation to exert downward pressure on profits.

(Unit: million yen)

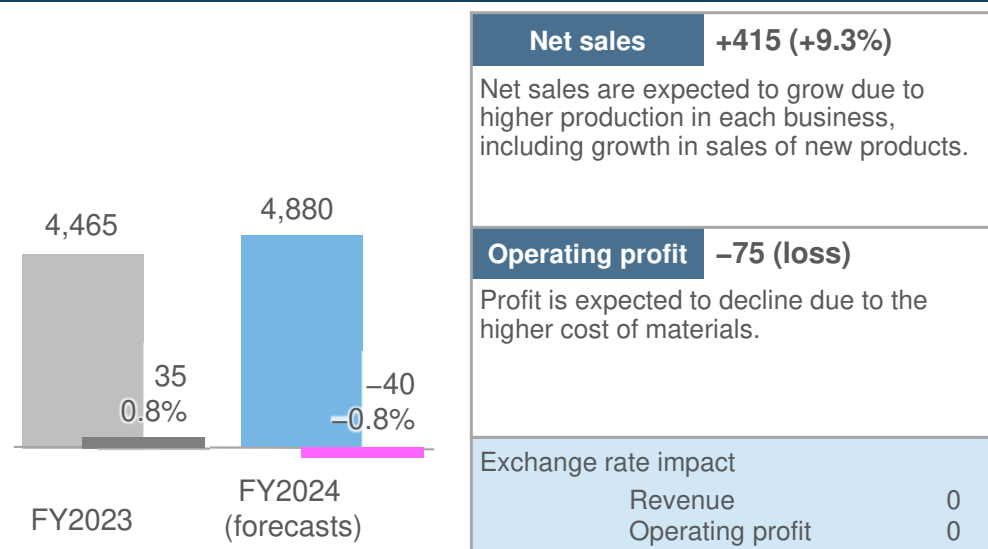
Seat and Electrical Equipment Business



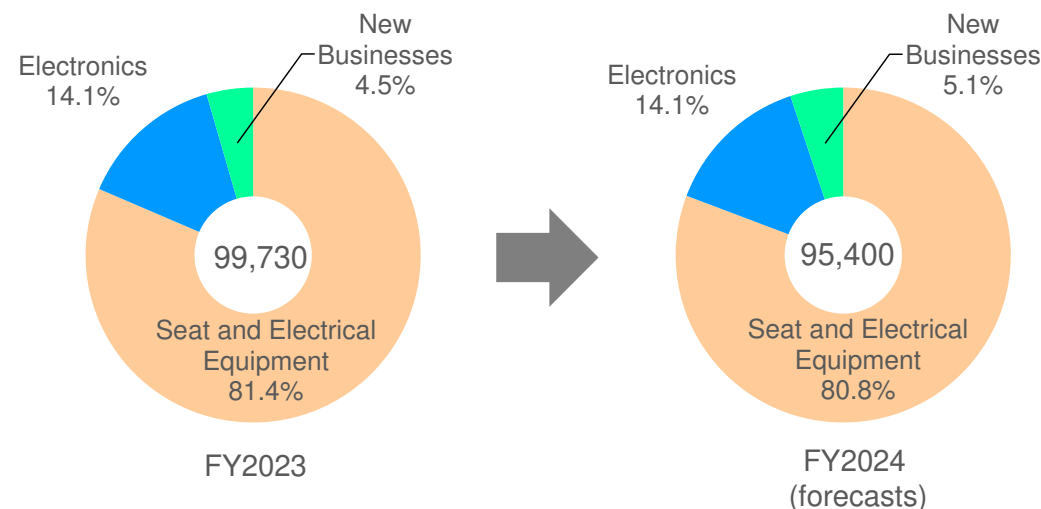
Electronics Business



New Businesses



Sales Breakdown by Business



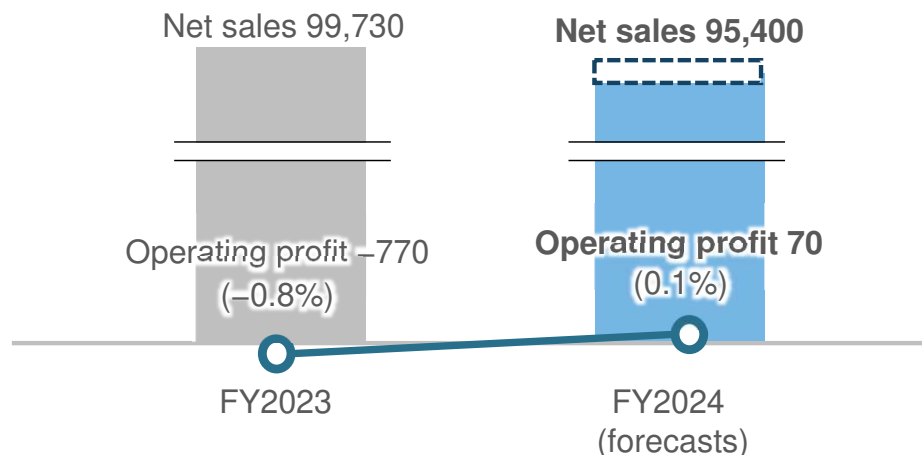
* Figures for existing non-automotive businesses are included in this segment.

(Unit: million yen)

Consolidated (after elimination)

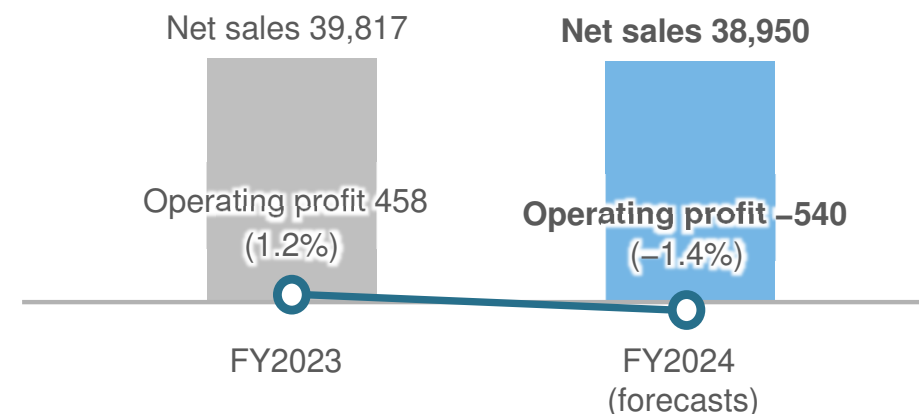
Profitability achieved despite lower sales, thanks to resolution of temporary costs in previous period

(Net sales excluding exchange rate impact: 96,160)



Japan

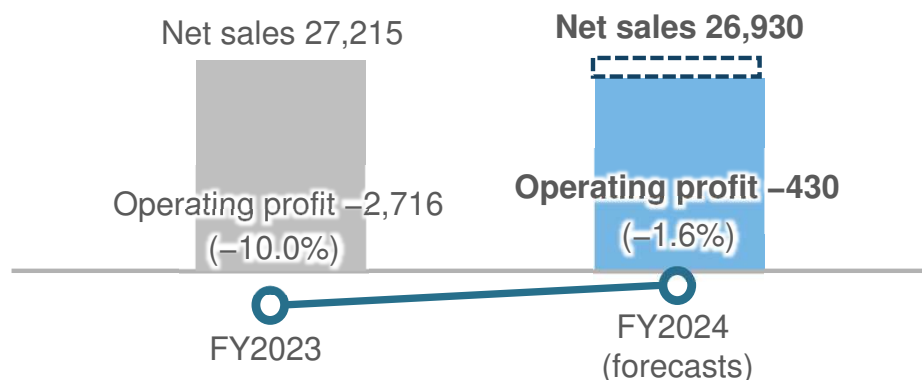
Lower earnings due to decreased sales and cost of investments for the future



North America

Lower operating loss due to resolution of temporary factors (shipping costs)

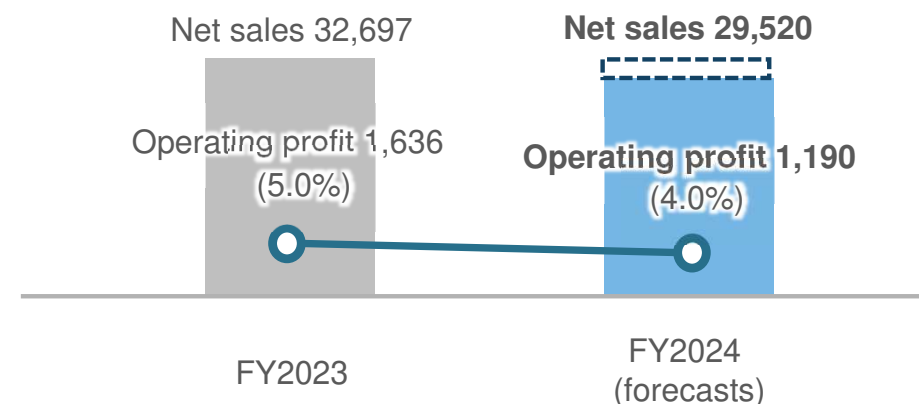
(Net sales excluding exchange rate impact: 27,260)



Asia

Lower profit due to effects of lower sales in China

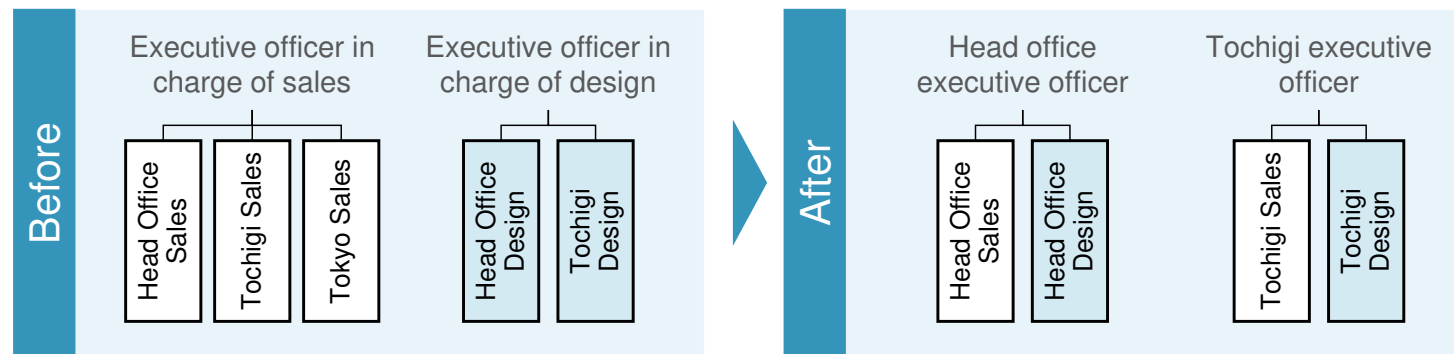
(Net sales excluding exchange rate impact: 29,950)



■ Building a lean and capable structure

➤ Optimizing the organization and human resource structures of the Seat Business

- Generating solidarity and synergies through oversight of sales and design by executive officers in charge



- Establishing a new section to specialize in securing new customers
- Enhancing sales personnel: In light of limited human resources, training to convert personnel from other sections
- Striving to achieve a human resource structure suited to sales forecasting, improve productivity, and business efficiency, and seeking voluntary retirees

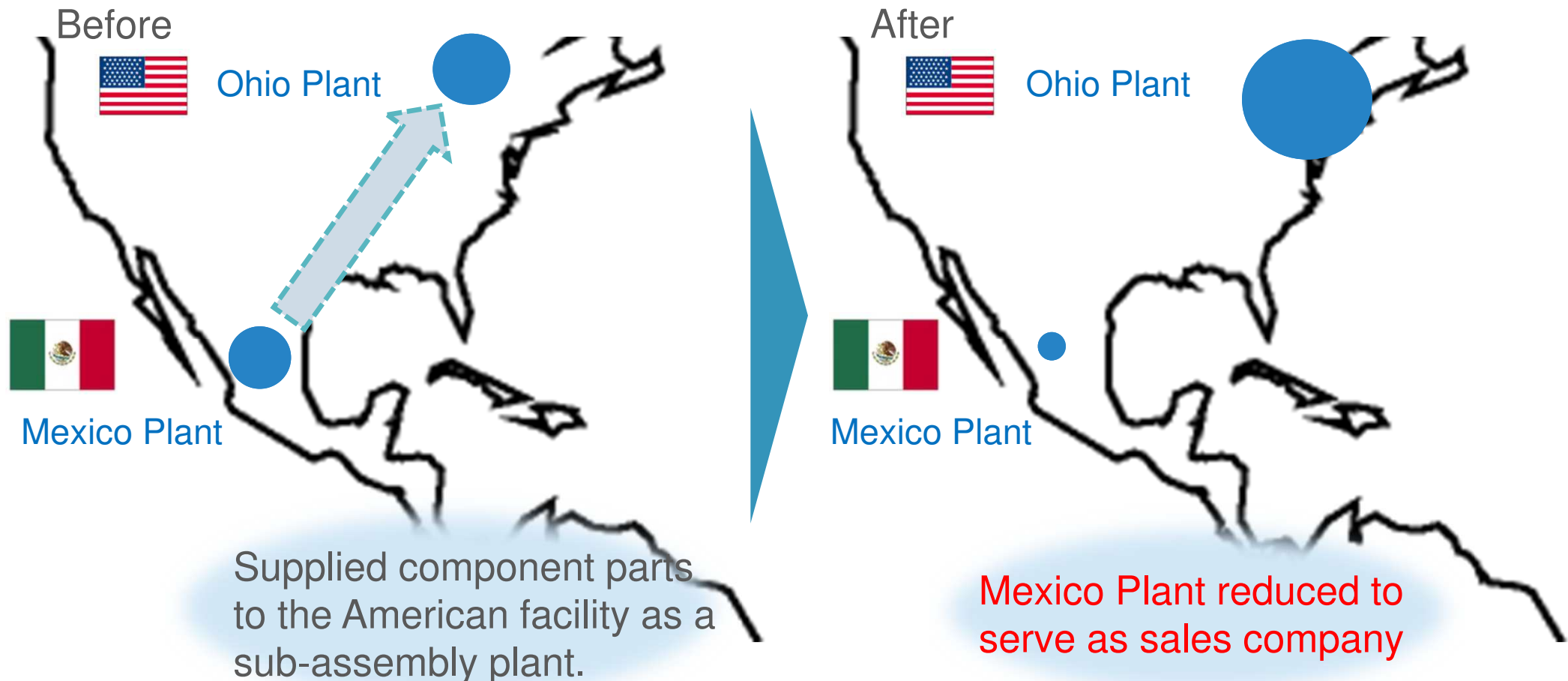
➤ Optimizing human resources at China facilities

Optimizing human resources at China facilities in preparation for anticipated large-scale sales declines in FY2023

■ Consolidation of the seat business in North America

In the North America region, seat production, part of which was handled at the Mexico Plant, is now consolidated at the Ohio Plant in the U.S.

This has streamlined the North American production system and cut shipping costs.



Reducing shipping costs and selling and administrative costs by streamlining production facilities in North America

(Unit: million yen)

Capital investment

	FY2023	FY2024 (forecasts)	Difference
Japan	1,170	1,902	732
North America	330	304	-26
Asia	936	2,144	1,208
Total	2,436	4,350	1,914

<Major investments during the period>

- Japan
Investments in launching new products and adopting solar power
- Asia
Investments for launching new products, production automation, and bringing production in-house

Depreciation expense

	FY2023	FY2024 (forecasts)	Difference
Japan	1,320	1,221	-99
North America	447	409	-38
Asia	1,182	1,192	10
Total	2,949	2,822	-127

- Japan, North America
Decreased due to restrained investment in the previous period
- Asia
Increased due to the launch of new vehicles and efforts to bring production in-house in the previous period

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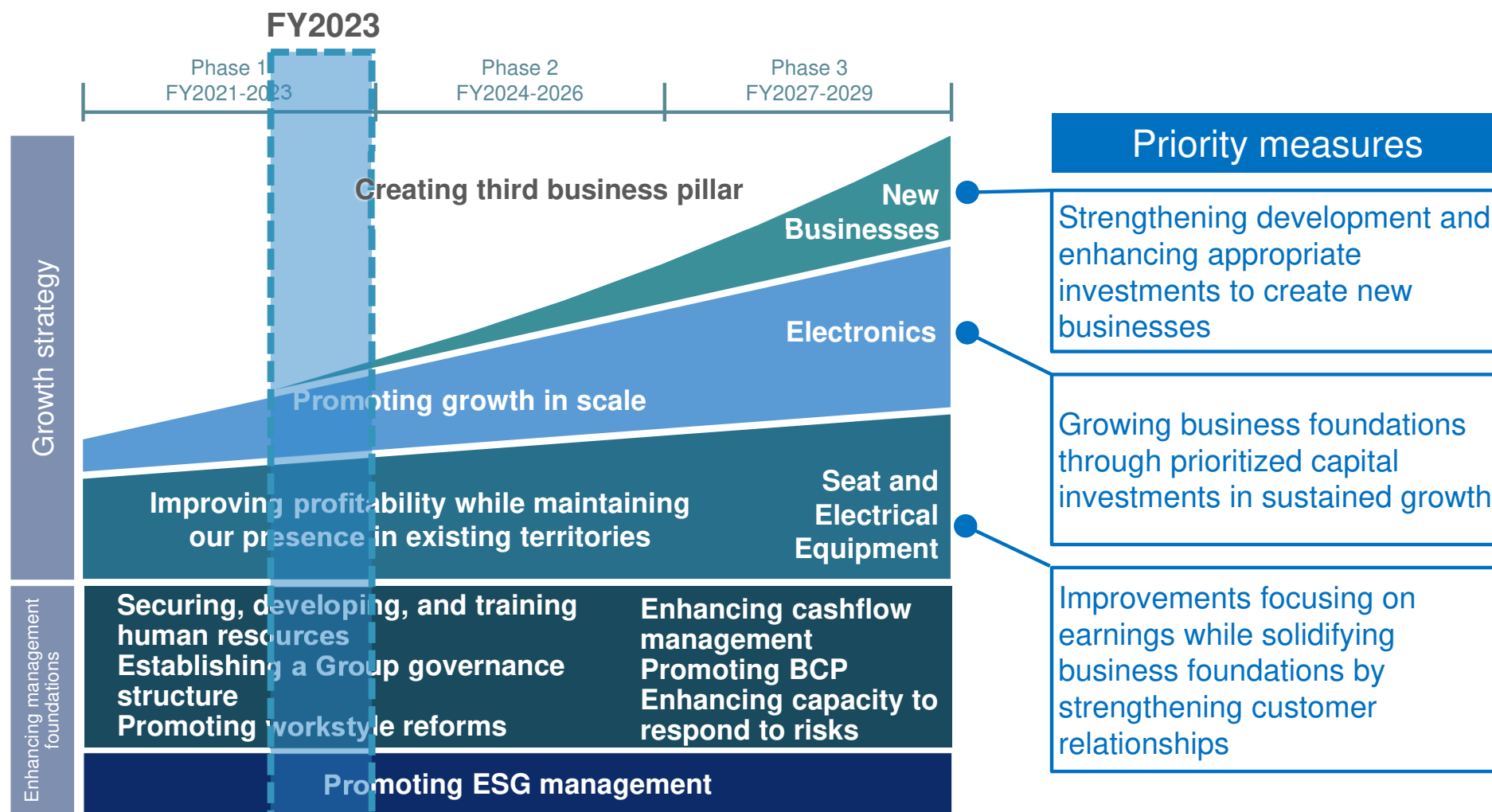
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V. Stock Market

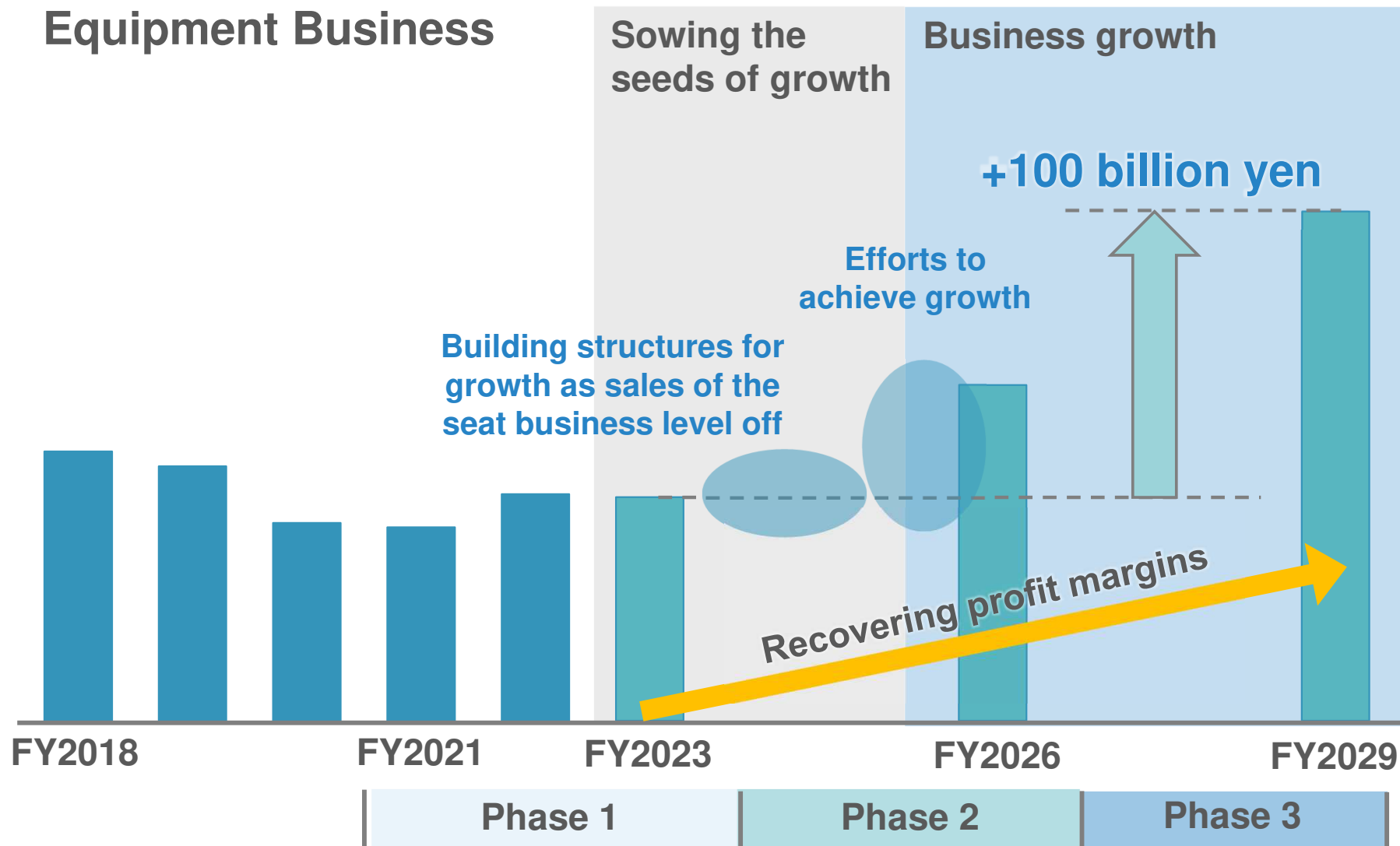
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Medium-and Long-term Management Plan 2029

To implement business transformations that target the sustained growth called for in Medium-and Long-term Management Plan 2029, we will strive to achieve a well-balanced structure, based on three core businesses, while promoting ESG management to enhance management foundations.



■ Estimated sales trends in the Seat and Electrical Equipment Business

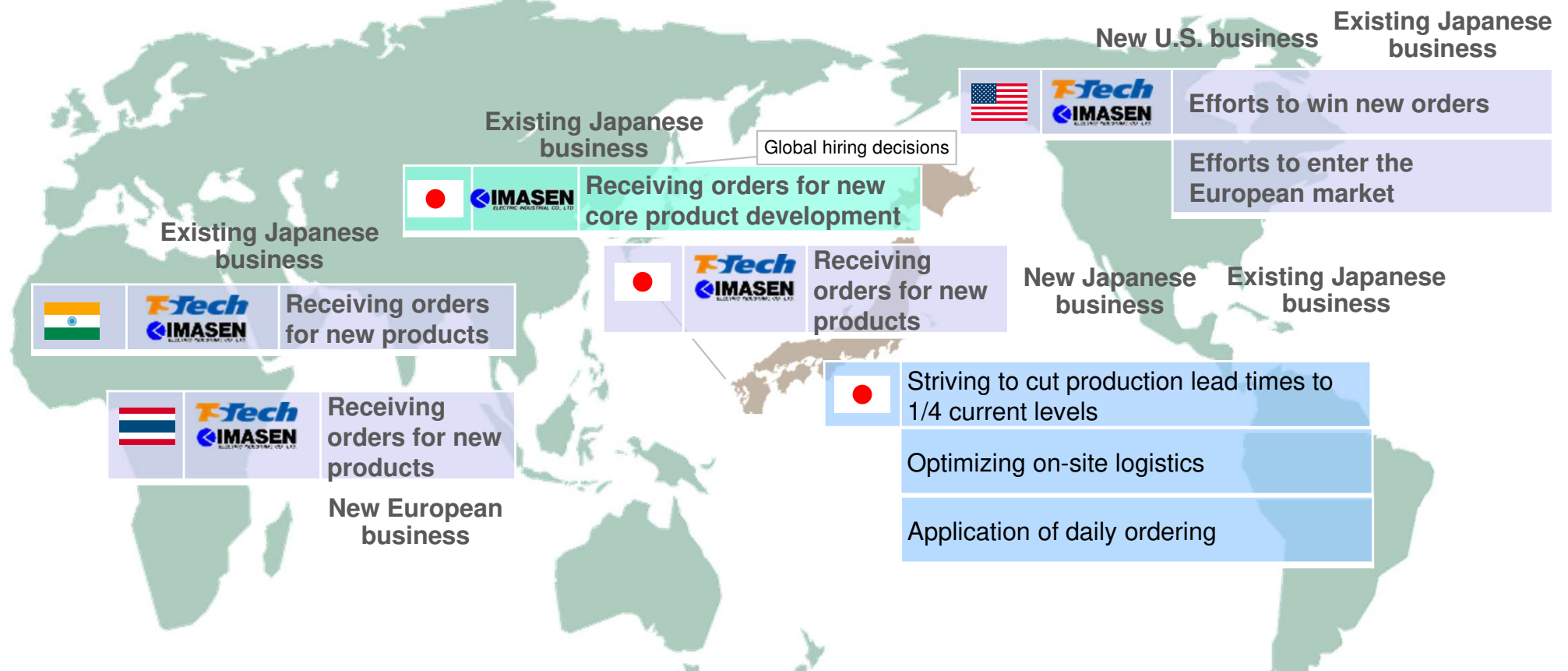


Medium-and Long-term Management Plan 2029

Building a lean and capable structure to achieve significant sales increase from FY2026

[Enhancing the foundations of the seat business]

- Promoting cocreation activities through capital and business alliance with TS TECH Co., Ltd.
- Promoting efforts to secure new customers and expand new orders received by bringing competitive new products to market
- Maintaining low processing costs and promoting profitable manufacturing while maintaining high quality through large-scale revisions in production methods

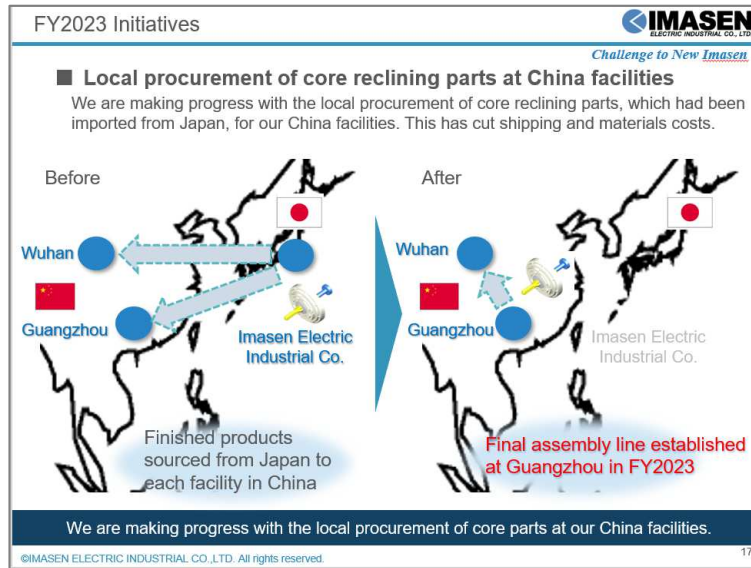


Expanding orders received on a global basis by cocreation activities with TS and offering competitive products

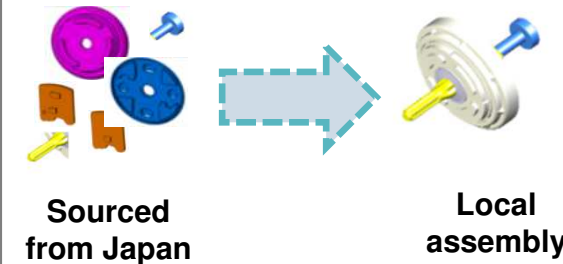
■ Expanding the local procurement of recliner core parts at the Guangzhou Plant



Guangzhou Imasen Electric Industrial Co., Ltd.



FY2023: Shift to local procurement of parts needed for assembly processes



[Establishing local thermal treatment technologies]
[Establishing local high-precision pressing technologies]

FY2025: Full local procurement, including component parts



Striving to cut costs through expanded local procurement by FY2025

Continuing to improve cost competitiveness through energetic efforts to bring production in-house

■ Bringing production of pressed and painted parts in-house at the Wuhan Plant



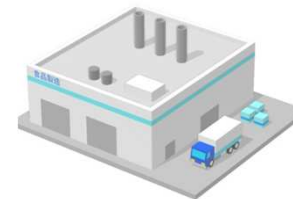
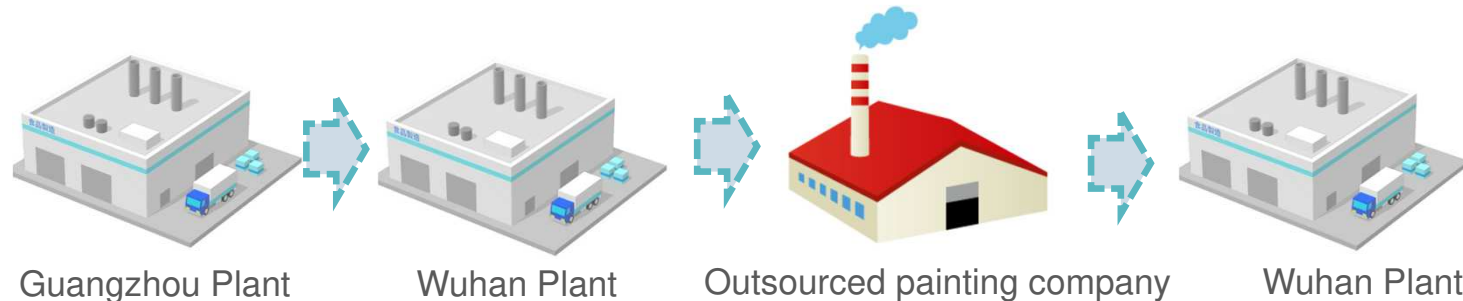
To further improve cost competitiveness at our China facilities, we will build an integrated production structure by adopting new painting equipment and expanding pressing lines at the Wuhan Plant.

[Adopting new equipment] Planned for completion by January 2024



Wuhan Imasen Electric Industrial Co., Ltd.

Large-scale transport between plants generates significant losses.



Wuhan Plant

Building an integrated production structure

We will strive to improve cost competitiveness over and above that of local suppliers by establishing an integrated production structure.

■ Enhancing production capacity at our India facility to win new orders



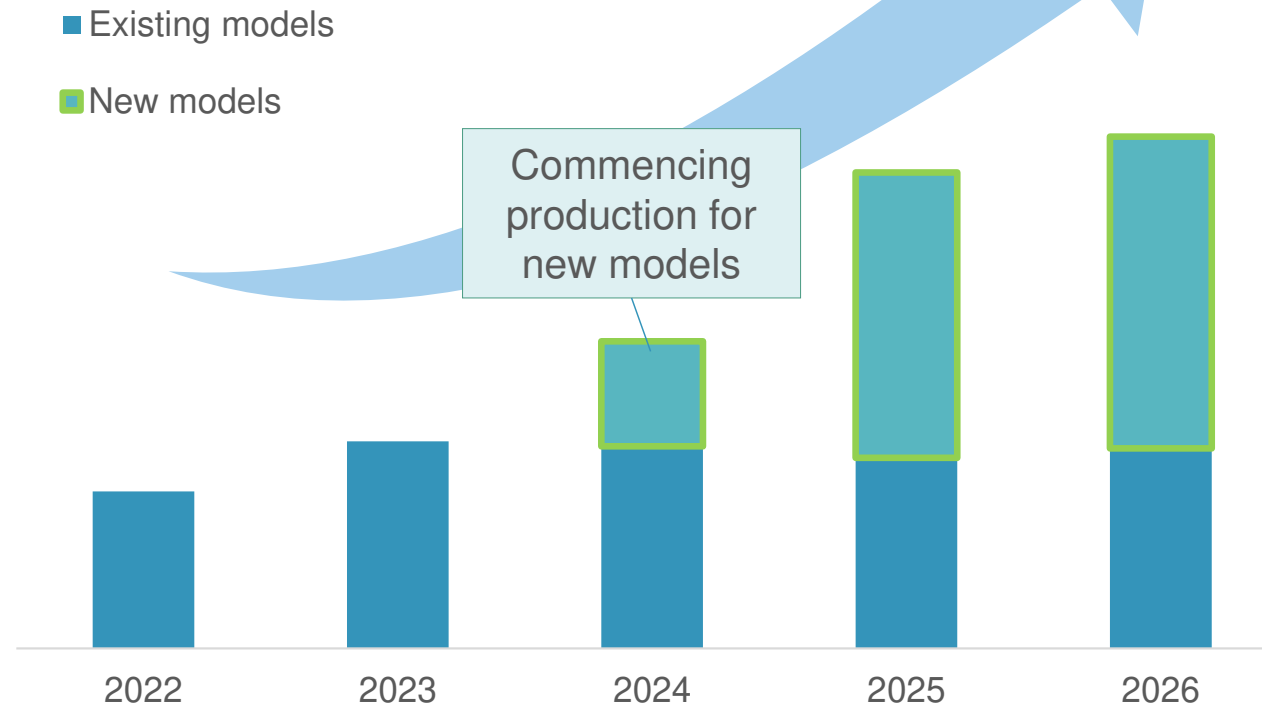
Our India facility anticipates sales growth over the medium term thanks to orders received for new models in FY2024.

We will strengthen production capacity at the India Plant by expanding facilities and adopting press equipment to increase production.



Imasen Manufacturing
India Private Limited

Medium-term sales forecasts in India



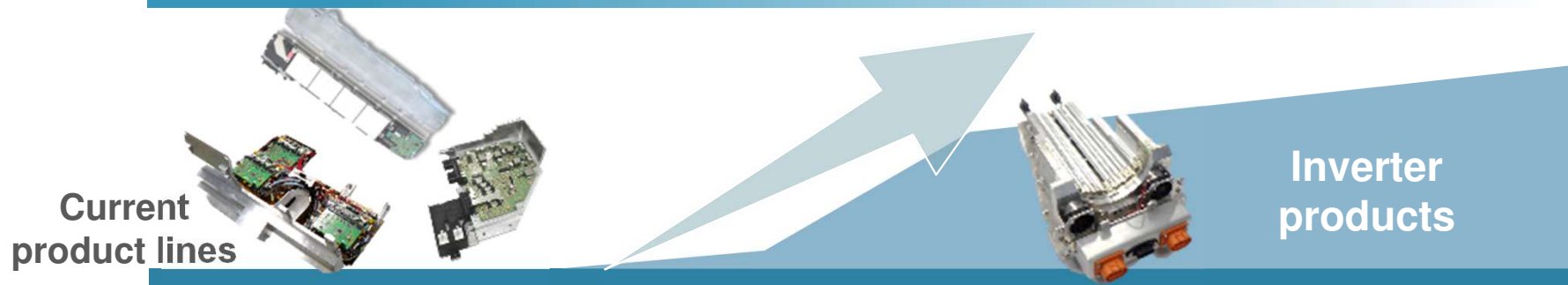
Enhancing production capacity to launch the new products currently projected

■ Electronics Business: Electric drive system development



Mazda Imasen Electric Drive Co., Ltd. (MIED), a joint venture established with Mazda Motor Corporation in August 2022, seeks to create compact, high-performance, high-efficiency electric drive systems by developing inverters, core components of the e-axes at the heart of electric vehicles, and production technologies, including circuit board installation technologies.

Medium- and long-term sales projections



 **IMASEN**
ELECTRIC INDUSTRIAL CO., LTD.
Production Engineering Department
newly established in Hiroshima



MIED
Production Engineering
Department

Together with product development, the two partner companies plan a joint inverter production line in FY2023 to establish a production structure for the future.

Injecting human capital to improve development capabilities

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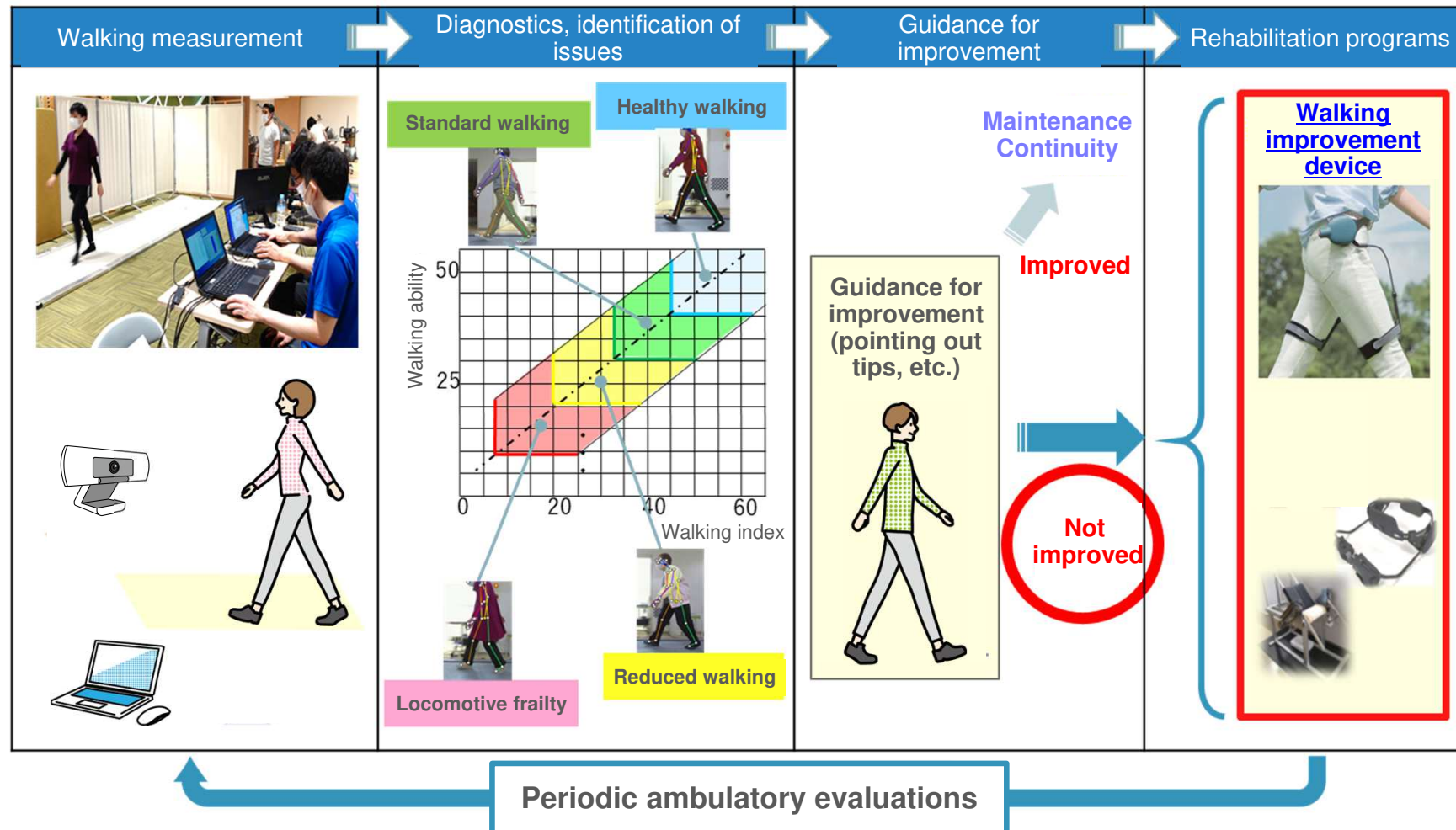
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■ New business

We are striving to develop a comprehensive healthcare support business based on a diagnostic and business model by utilizing quantifiable ambulatory gains. We will draw on resources from the aLQ non-electric assistive walking devices and walking measurement systems.



■ New product:

Launch of sales of the myride electric cart with futuristic design

Imasen Engineering Corporation, which develops, manufactures, and sells care equipment within the Imasen Group, has begun selling the myride electric cart, a product with futuristic design

myride is an electric cart that enables people with leg and back issues to regain **freedom of movement**.

Strengths

- ▶ Large LED lamps on the rear and modern design to increase visibility
- ▶ Superior maneuverability thanks to front omniwheel
 - High performance for moving straight ahead and making sharp turns
 - Able to traverse 50 mm steps
- ▶ Electric folding feature



■ Supporting parasports

On March 8, 2023, we concluded a sponsorship agreement with para athlete Chie Yamashita.



We expect Ms. Yamashita to shine ever brighter as one of Japan's next-generation athletes in prosthetic leg racing events. Another reason for our sponsorship is her active approach to contributing to society through various activities, including hands-on elementary school classes and participation in panel discussions.

Chie Yamashita (born July 13, 1997)

Born in Kanagawa Prefecture, Ms. Yamashita joined SMBC Nikko Securities Inc. after graduating from the Faculty of Sports and Health Studies of Hosei University.

2018: Third place in 100 m dash, first place in 200 m dash, 29th Japan Para Athletics Championships

2019: First place in 200 m dash, 30th Japan Para Athletics Championships

2019: Second place in 100 m dash, first place in 200 m dash, Japan Para Championships

2020: Second place in 100 m dash, Japan Para Athletics Championships

2021: Second place in 100 m dash, first place in 200 m dash, Japan Para Championships

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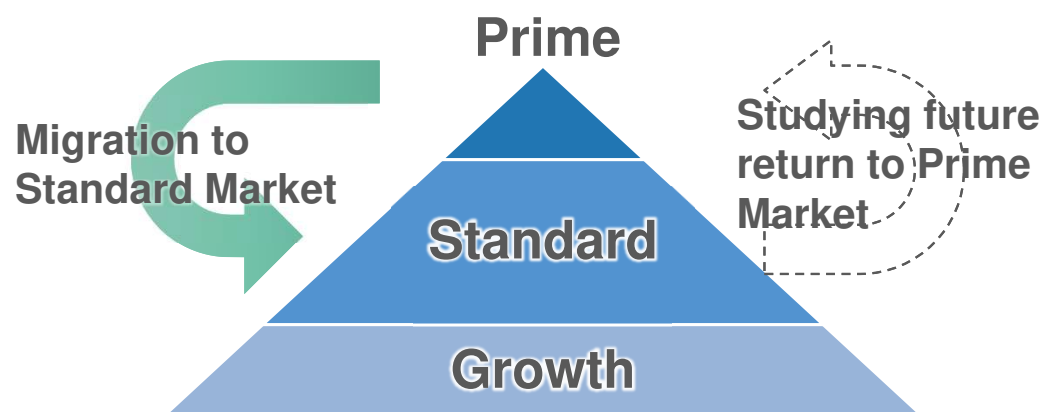
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Tokyo Stock Exchange reselection

Item	Result	Notes	Prime Basis		Standard	
			Basis	Assessment	Basis	Assessment
Shareholders	5,900	March 31, 2023	At least 800	○	At least 400	○
Shares in circulation	110,465 units	March 31, 2023	At least 20,000 units	○	At least 2,000 units	○
Market capitalization of shares in circulation	8.03 billion yen	January-March average share price 727 yen (906 yen required for eligibility)	At least 10 billion yen	✗	At least 1 billion yen	○
Trade proceeds	28 million yen/month	January-December 2022 average	Average trade proceeds per day at least 20 million yen	○	-	-
	13,950 units/month	July-December 2022 average	-	-	Average trade proceeds per month at least 10 units	○
Percentage of shares in circulation	47.1%	March 31, 2023	At least 35%	○	At least 25%	○



► Benefits for investors

Environment for holding and training
Company stock with peace of mind

► Benefits for us

Ability to concentrate resources from
eligibility for the Prime Market on
building foundations for future growth

In light of recent business conditions, we chose to migrate to the Standard Market but will continue our activities to return to the Prime Market in the future.

■ State of acquisition of treasury stock (period: November 2022-November 2023)

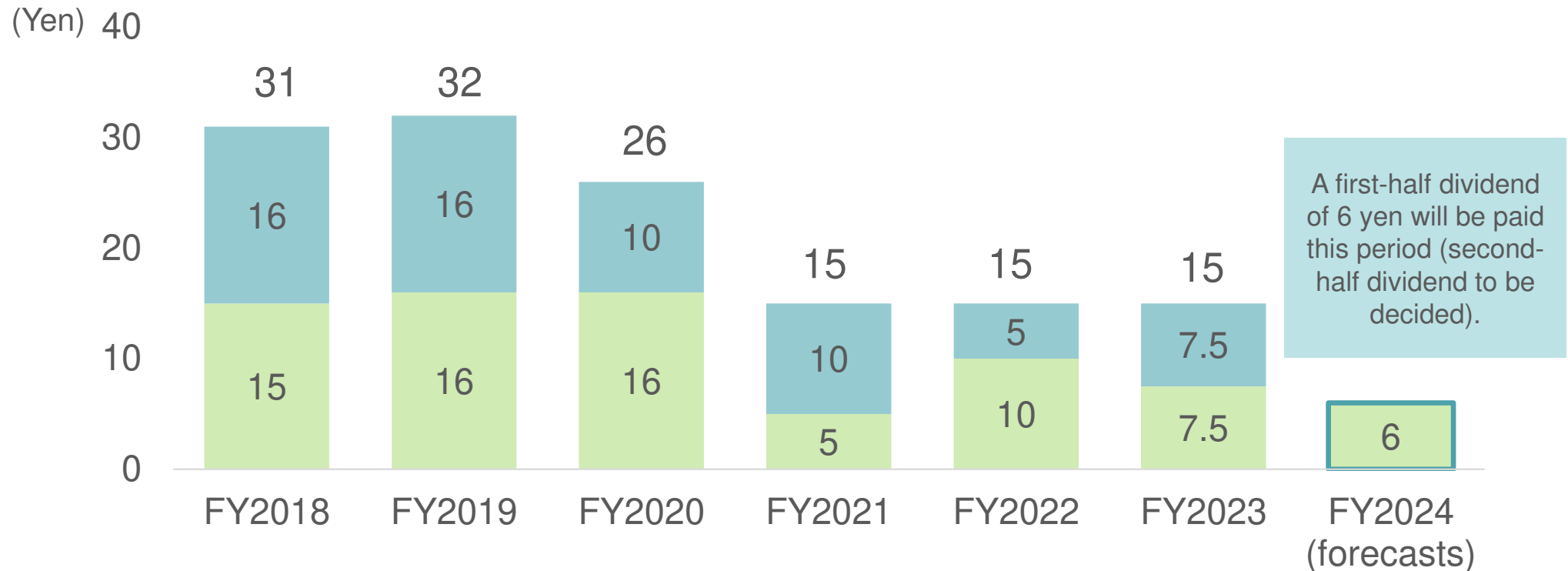
On November 24, 2022, the Board of Directors approved the acquisition of treasury stock intended to strengthen returns to shareholders and improve capital efficiency.

	Total shares	Total shares acquired
Details of Board of Directors resolution	1,150,000 shares (max.)	850 million yen (max.)
Cumulative results through April 30, 2023	676,000 shares	480 million yen

■ 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.



Striving to grow the equity spread while increasing ROE

Trust & Challenge

Challenge to New Imasen

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- Actual results may differ from projections for various reasons.

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Industrial Co., Ltd.

Tel: +81 568-67-1517

URL: <https://www.imasen.co.jp/contact/>