

# Summary of Consolidated Financial Results for the Second Quarter of Year Ending March 31, 2025 (2Q FY2025)

Nov 14, 2024

Imasen Electric Industrial Co., Ltd.

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

- I. Summary of Consolidated Financial Results for  
2Q FY2025
- II. Medium- and Long-term Management Policy

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# Summary of Consolidated Financial Results for 2Q FY2025

(Unit: Million yen)

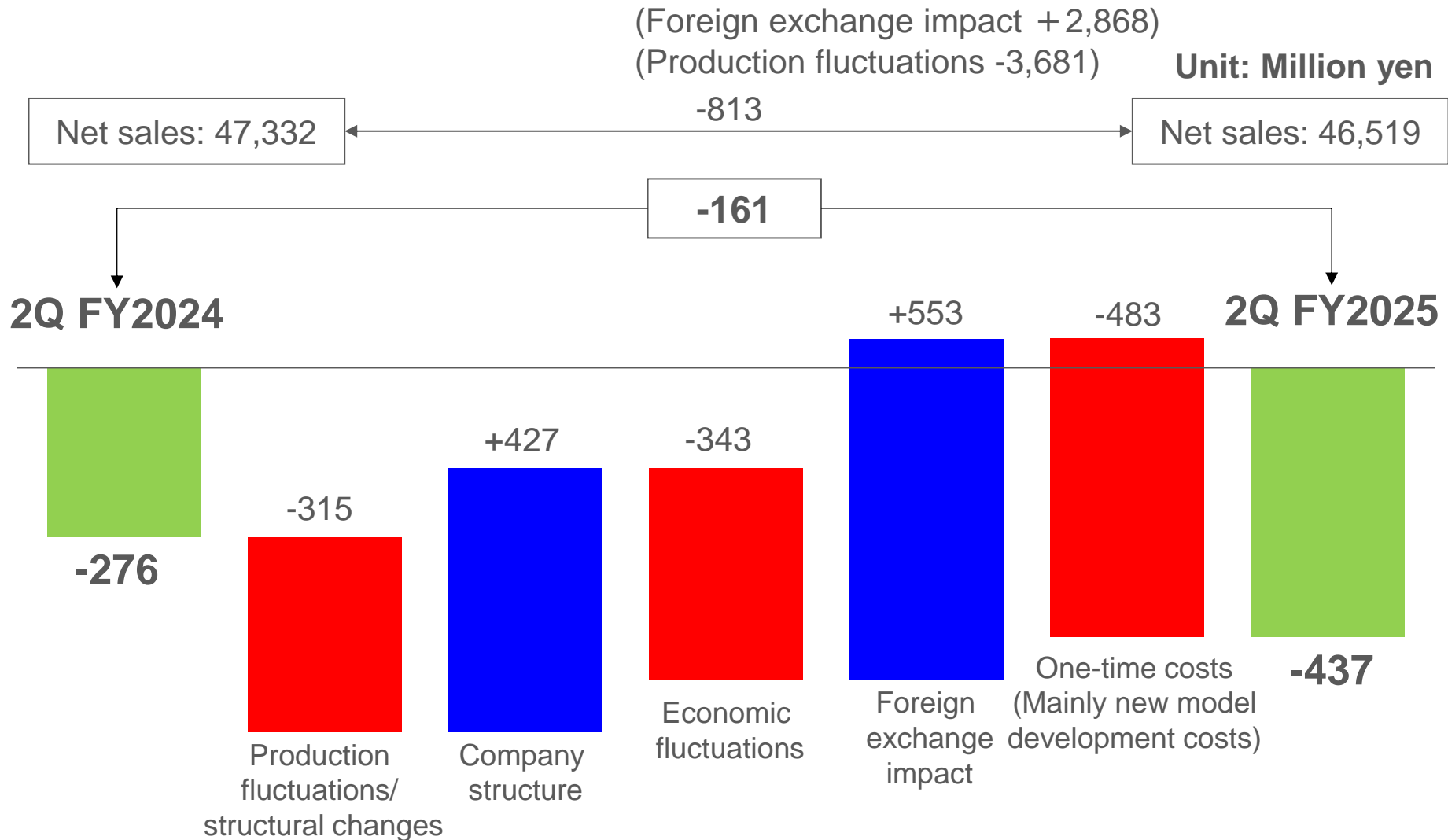
	2Q FY2024 Result	2Q FY2025 Plan	2Q FY2025 Result	Difference	Change
<b>Net sales</b>	47,332	46,000	<b>46,519</b>	-813	-1.7%
<b>Operating profit</b>	-276	-500	<b>-437</b>	-161	-
<b>Ordinary profit</b>	208	100	<b>-252</b>	-460	-
<b>Profit attributable to owners of parent</b>	-1,114	2,000	<b>1,821</b>	+2,935	-

\*The planned figures are revised forecasts disclosed in Aug 2024.

		2Q FY2024 average	2Q FY2025 average	Difference	Change
Exchange rates	USD	135.00 yen	<b>152.36 yen</b>	+17.36 yen	+12.9%
	CNY	19.46 yen	<b>21.07 yen</b>	+1.61 yen	+8.3%
	THB	3.95 yen	<b>4.21 yen</b>	+0.26 yen	+6.6%

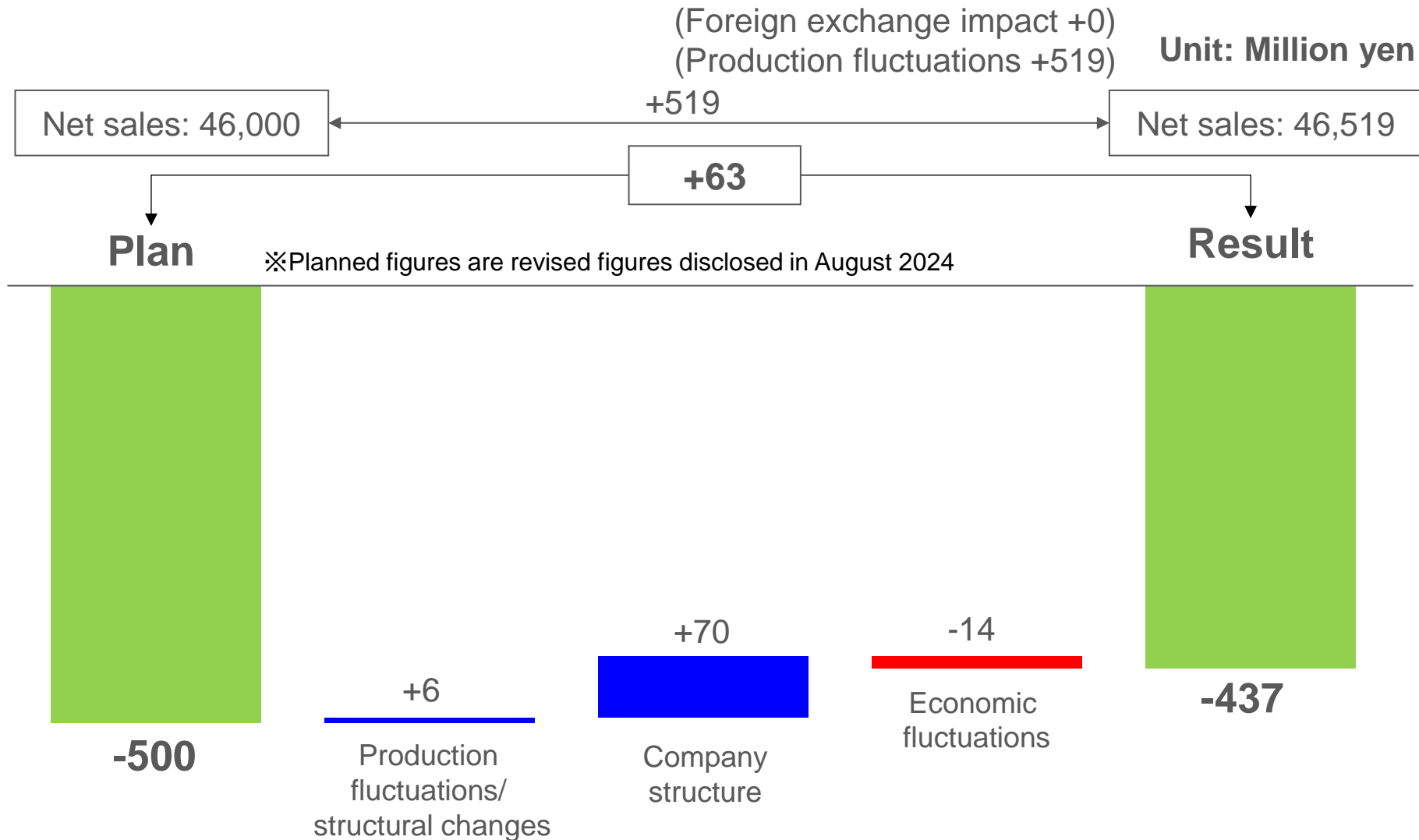
\*Profit attributable to owners of parent includes a gain on sales of investment securities of 3,516 million yen.

# 2Q FY2025 Operating Profit (Year on Year)



Although the company was able to make up for the negative factors caused by reduced production, rising labor costs and raw material prices in China through strengthening its structure and the effect of exchange rates, profits decreased due to an increase in development costs for new models.

# 2Q FY2025 Operating Profit (Disclosed Forecasts vs Results)



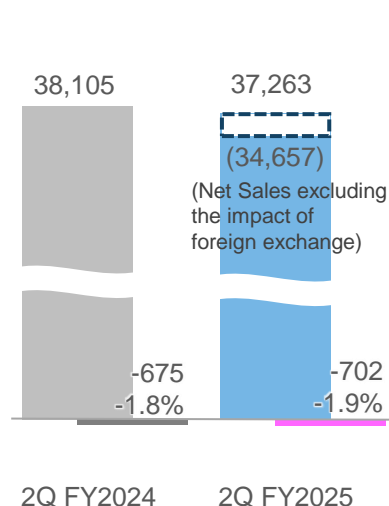
Improved by improving our domestic structure.

# 2Q FY2025 Results by Business Segment

[ Year on Year ]

(Unit: Million yen)

## Seat and Electrical Equipment Business



**Net sales** -842 (-2.2%)

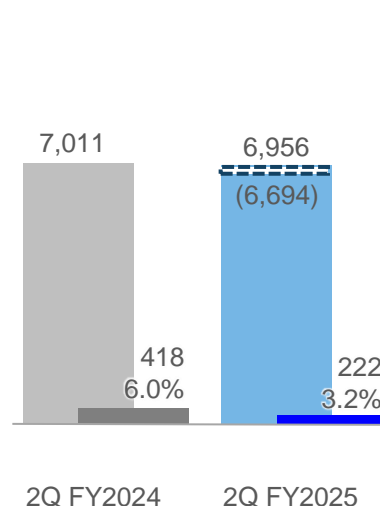
Although there was an upswing due to the weak yen, production in China dropped sharply, resulting in a decline in revenue.

**Operating profit** -27 (-)

Although we made efforts to secure profits through productivity improvements in North America, losses expanded due to reduced production in China and Japan.

**Exchange rate impact**  
Revenue +2,606  
Operating profit +13

## Electronics Business



**Net sales** -54 (-0.8%)

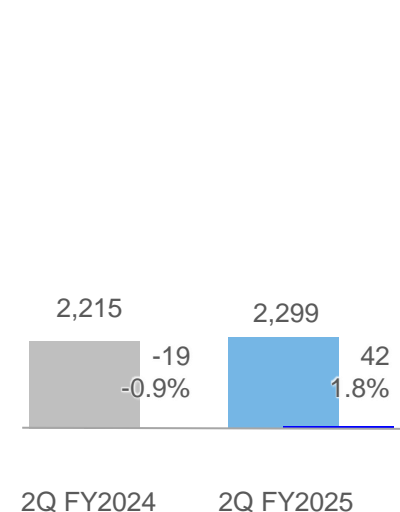
Although the weak yen had an effect of increasing sales, sales decreased due to a decrease in the non-consolidated production volume.

**Operating profit** -195 (-46.8%)

Profits decreased due to decreased production on a non-consolidated basis and in China.

**Exchange rate impact**  
Revenue +262  
Operating profit +23

## Other Business



**Net sales** +83 (+3.8%)

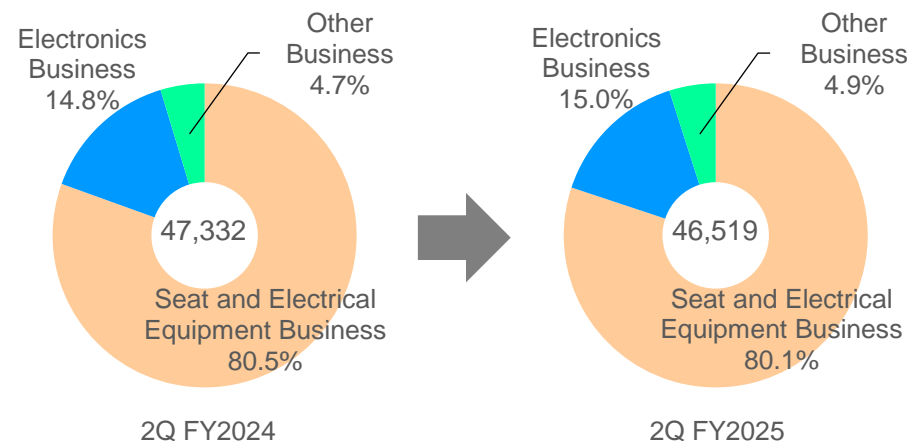
Revenue increased due to an increase in orders for the wire harness business.

**Operating profit** +61 (Turning a profit)

The company turned a profit thanks to increased revenue.

**Exchange rate impact**  
Revenue 0  
Operating profit 0

## Sales Breakdown by Business



2Q FY2024

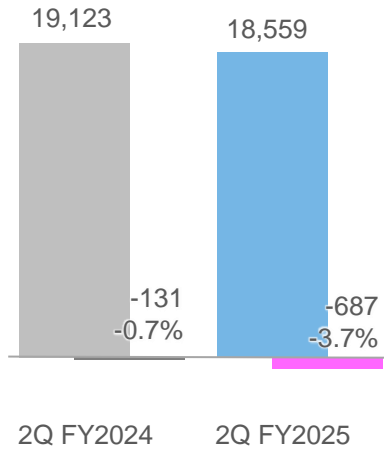
2Q FY2025

# 2Q FY2025 Results by Regional Segment

[ Year on Year ]

(Unit: Million yen)

## Japan



**Net sales** **-564 (-3.0%)**

Revenues decreased due to a decrease in production in the electronics business.

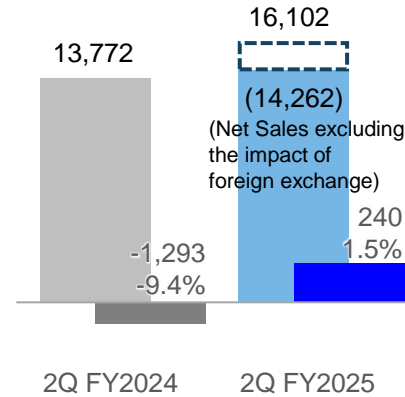
**Operating profit** **-556 (-)**

Increased labor and other expenses due to strengthened management systems and increased development costs for the electronics business led to larger losses.

**Exchange rate impact**

Revenue	0
Operating profit	0

## North America



**Net sales** **+2,330 (+16.9%)**

Revenue increased due to increased production and a weaker yen

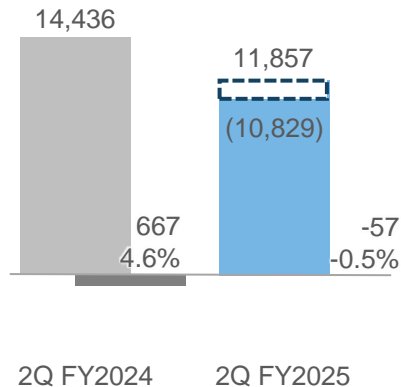
**Operating profit** **+1,533(-)**

We have achieved profitability by eliminating labor cost losses caused by employment issues that occurred in the previous fiscal year and by carrying out cost reduction activities.

**Exchange rate impact**

Revenue	+1,840
Operating profit	+43

## Asia



**Net sales** **-2,578 (-17.9%)**

Sales declined due to a decline in production caused by sluggish sales of Japanese cars in China.

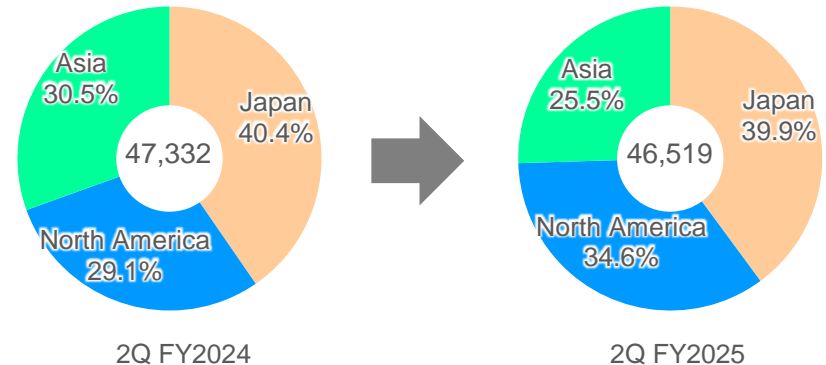
**Operating profit** **-724 (-)**

In response to the decline in sales in China, we are working to improve our business structure through measures such as voluntary retirement, but the impact of the decline in sales was significant, resulting in a loss.

**Exchange rate impact**

Revenue	+1,028
Operating profit	-7

## Sales Breakdown by Region





(Unit: Million yen)

## Capital investment

	2Q FY2024	2Q FY2025	Difference
Japan	868	646	-222
North America	130	313	183
Asia	279	948	669
<b>Total</b>	<b>1,277</b>	<b>1,907</b>	<b>630</b>

## <Major investments during the period>

- Japan  
Decrease compared to the previous year's mold investment.
- North America  
Increased due to investments related to the restructuring of North American bases, such as the transfer of press machines to the Tennessee plant.
- Asia  
The increase was due to investments in expanding production capacity in India and updating molds in Thailand.

## Depreciation

	2Q FY2024	2Q FY2025	Difference
Japan	627	688	61
North America	236	239	3
Asia	588	563	-25
<b>合計</b>	<b>1,451</b>	<b>1,490</b>	<b>39</b>

- Japan  
Increased due to launch of new car models in the previous fiscal year.
- Asia  
Decreased due to scrapping of molds in China and Philippines.

## Seat and Electrical Equipment Business Base Optimization

### [Optimizing personnel through voluntary retirement program]



Guangzhou Plant  
Wuhan Plant

**FY2025, tests have been conducted, including in Wuhan.**

Guangzhou about 155  
Wuhan about 30

In order to respond to changes in production volume, we are promoting automation and labor saving.

### [Business Consolidation]



Ohio Plant  
Tennessee Plant  
Ohio Plant

**Decided to close Tennessee plant at the end of 2024.**

North American seat adjuster production will be consolidated and centralized at Ohio plant to improve efficiency.

Accelerating Lean Manufacturing.

## Development of welfare equipment related business

### - IMASEN Group's welfare products -

In order to grow our welfare equipment-related business, we have begun handling rental equipment. We have a product lineup that is targeted to a wider range of users.



#### **myride (Electric cart)**

An electric cart that provides the "fun of moving at your own will"

#### **Electric wheelchair**

Not only is it comfortable for passengers, but it is also kind to caregivers and the environment.



#### **KATANABE (Sprinting prosthesis)**

Suitable for everyone from track and field beginners to top athletes



#### **BabyLoco (Pediatric Mobility Devices)**

We provide all children with the natural joy of being able to move around on their own.



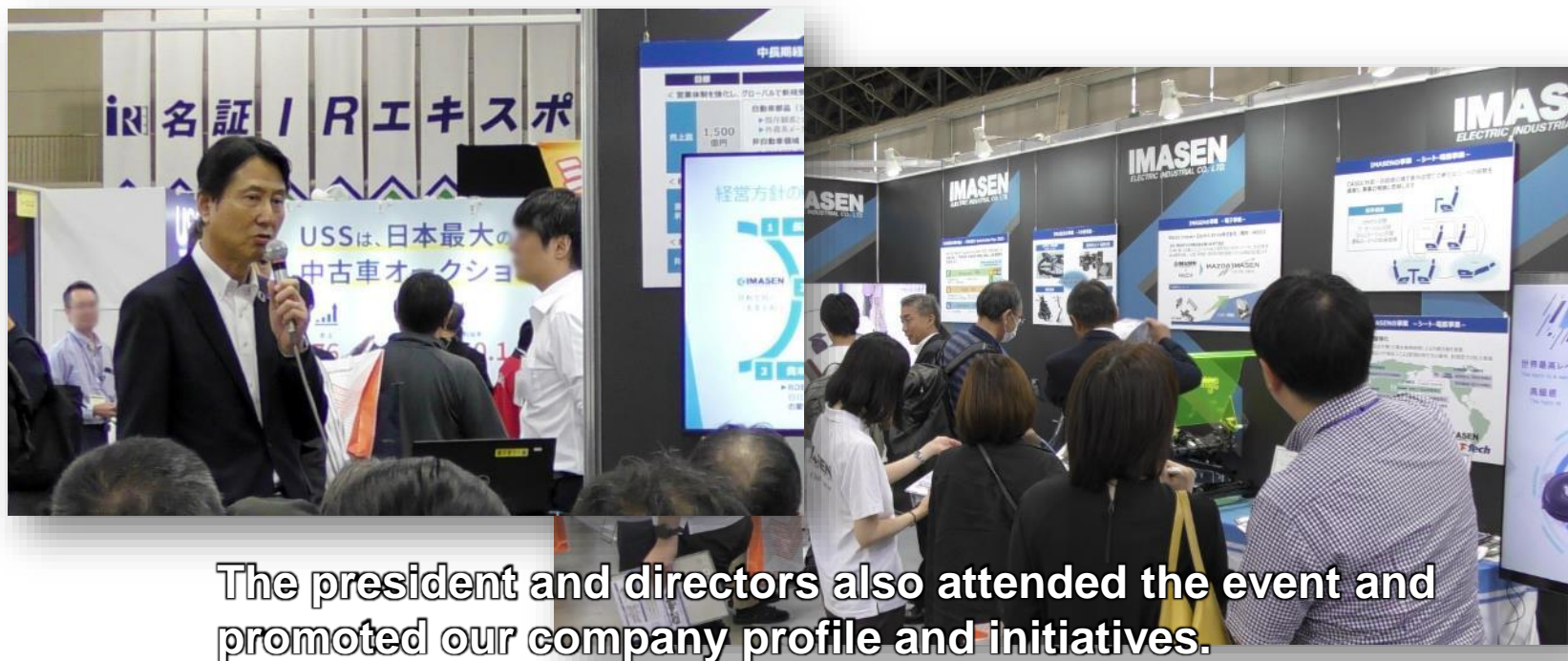
Every year, Imasen Engineering Corporation provides its products to physically disabled people across the country through the 24-Hour TV Charity Committee.

Launched products that are designed for a wide range of users and have been well received.

## IR Activities

### - We exhibited at the Nagoya Stock Exchange IR Expo 2024 -

We exhibited at the Nagoya Stock Exchange IR Expo 2024, an investor exhibition held on September 6-7, 2024.



The president and directors also attended the event and promoted our company profile and initiatives.

We promoted the appeal of our company, which aims to make great strides in the medium to long term, to many investors.

(Unit: Million yen)

	Previous results (FY2024)	Forecasts (FY2025)	Difference	Change
Net sales	99,730	93,500	-6,230	-6.2%
Operating profit	14	100	+86	+614.3%
Ordinary profit	260	300	+40	+15.4%
Profit Attributable to owners of parent	-71	1,400	+ 1,471	—

**We expect to be profitable in the second half for the following reasons.**

North America: Production remains steady. Strengthening of structure by suspending operations at Tennessee plant.

China: Reaping the benefits of workforce reductions to strengthen operations

Japan and other Asia: Cost reduction activities accelerate

**However, due to ongoing uncertainty in the Chinese automobile market, we have left our previously announced forecast figures unchanged.**

I. Summary of Consolidated Financial Results for  
2Q FY2025

II. Medium- and Long-term Management Policy

# Medium- and Long-term Management Policy



1. Review of Medium- and Long-term Management Plan
2. New Medium-term Management Plan
  - (1) Priority Measures
  - (2) Recognizing the Current Management Environment
  - (3) Medium-term Revenue Targets
  - (4) Specific Initiatives



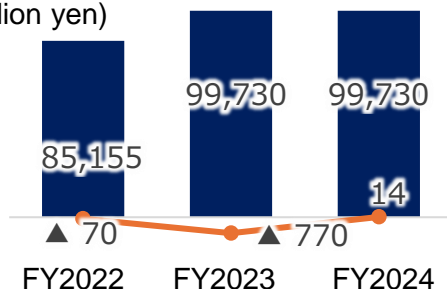
# 1. Review of Medium- and Long-term Management Plan

## Review of the previous medium-term management plan (FY2022-2024)

Results	assignment
Launching a range of seat and electronic products to support the electrification of automobiles	Need to respond to diverse needs for vehicle electrification
Improve business structure to ensure operating profit	Stable profit structure Uncertain business environment ahead

### Results(Net sales/Operating profit)

(Million yen)



Improved the company's structure to the point where it could secure operating profits.

On August 23, 2012, the company announced a **"Correction of Management Policy"** at the first quarter financial results briefing for the FY2025.

## 2. (1) Correcting business policy



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Management policy revised to "reset long-term goals," "concentrate on two main businesses," and "be conscious of capital costs and stock prices."



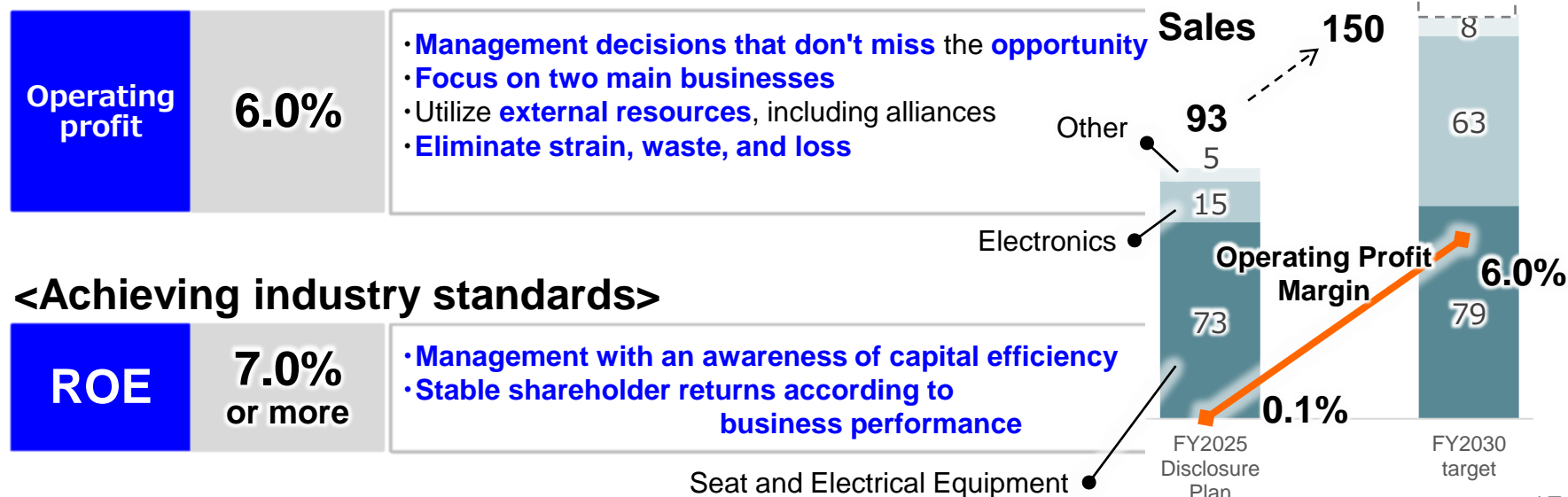
## FY2030 Long-term Goals

Goals	Response Policy
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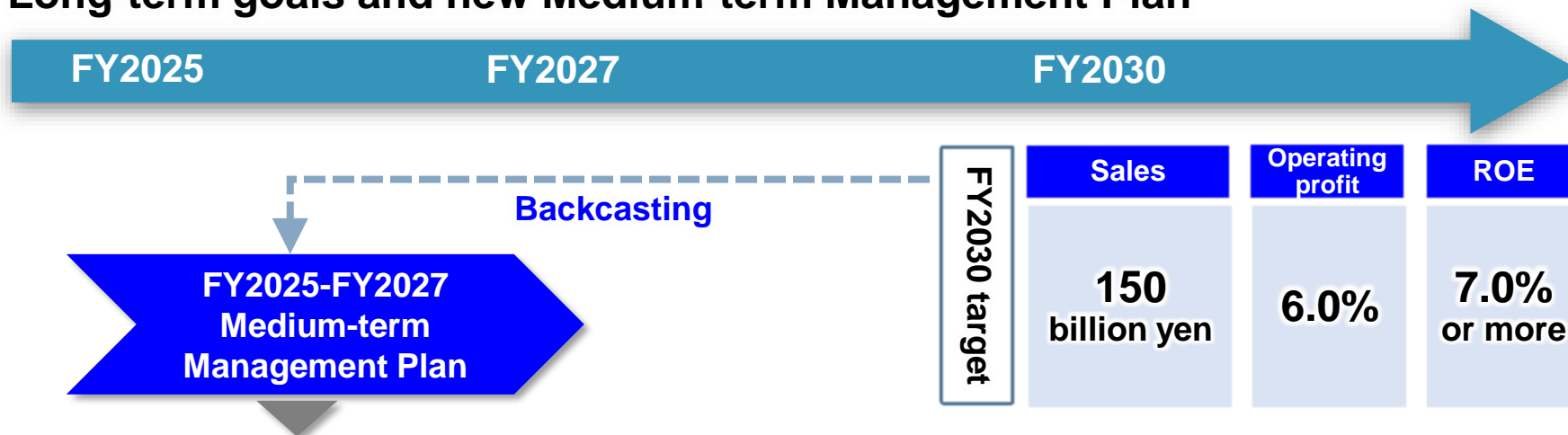
### <Strengthening sales structure to secure new orders globally>

<b>Sales</b>	<b>150 billion yen</b>	<ul style="list-style-type: none"> <li>• Seat : Sales increase following <b>TS-TECH sales expansion Strengthening sales structure</b> and independently expanding sales targeting foreign companies</li> <li>• Electronics : Increase sales by <b>strengthening relationships with key customers</b> Actively <b>expand sales to new customers</b></li> <li>• New Products : Develop new products by <b>combining the technologies owned by the group</b>(To grow further from 150 billion yen)</li> </ul>
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### <Strengthen earning power and further improve the company's financial position>













### Long-term goals and new Medium-term Management Plan



### Nine Priority Measures

Speed of management	Revenue	①Accelerating decision-making and promoting the delegation of authority
Offense		②Strengthening sales functions
		③Strengthening competitiveness beyond that of mega-suppliers
Defense		④Strengthening profits through restructuring in North America and China
		⑤Improve material cost ratios by restructuring procurement structure
	⑥Reconstruction of earning power	
	Capital Efficiency	⑦Capital policy that takes into account ROE and capital costs
Synergy	Revenue	⑧Future product development through group synergy
Business Foundation		⑨Promoting ESG management

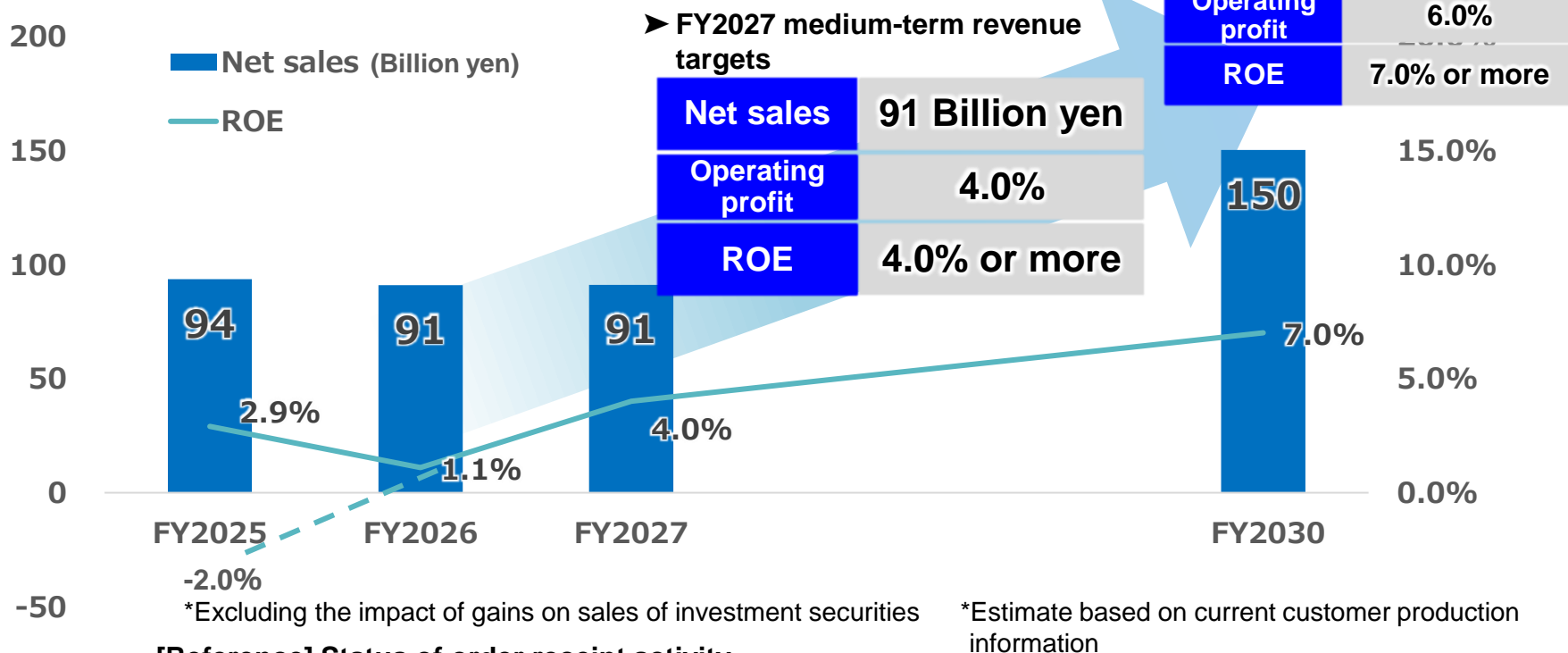
## ► Management Environment by Region

 China 	<p>► <b>Crossroads for Japanese manufacturers</b>            2023: Mitsubishi withdrawal            June 2024: Production suspended at Nissan Changzhou Plant            Honda production framework downsized            → <b>Urgent need to respond to significant decline in production</b></p> <p>► <b>Emergence of local manufacturers</b>            Competitiveness beyond local suppliers in terms of cost and development speed is needed to secure orders for next-generation vehicles.</p>	 US 	<p>► <b>Strong sales to Japanese manufacturers</b>            Continuing to secure orders received for Honda through joint efforts with TS-TECH, leading to anticipation of sales growth based on additional orders received for peripheral products</p> <p>► <b>Opportunities to win orders from European and US manufacturers</b>            Expectations of opportunities to win orders by bolstering local production framework</p>
 India 	<p>► <b>New orders received from Japanese OEMs</b>            Increase in sales anticipated based on new orders received through joint efforts with TS-TECH</p> <p>► <b>Equipment comparable to that in developed countries</b>            Sales are shifting from their previous low-cost focus to high end preferences, <b>making it likely that power seats will become more common in the future.</b></p>	 Thailand 	<p>► <b>Entry of Chinese manufacturers</b>            Chinese OEMs are building plants in Thailand and venturing into the market, together with suppliers, using a convoy system.</p> <p>► <b>Intensifying cost competition</b>  <b>Shrinking markets</b> due to stricter loan screenings</p>
		 Indonesia 	<p>► <b>Opportunities to win orders in conjunction with orders received in other Asian regions</b>            Opportunities linked to capturing orders in other Asian regions appear likely to emerge.</p>

To date, China has been a key driver of our business performance. Activity in China has slowed dramatically; we now anticipate growth opportunities in India and North America.

Corporate goal for the medium term:

# Restore business performance and grow businesses



## [Reference] Status of order receipt activity in current FY

	First half	Second half
Target	11 orders	25 orders
Finalized	10 orders	(Currently in progress)

Deploying  
Nine Priority Measures  
to achieve these targets

↗ Restoring business performance

↗ Business growth

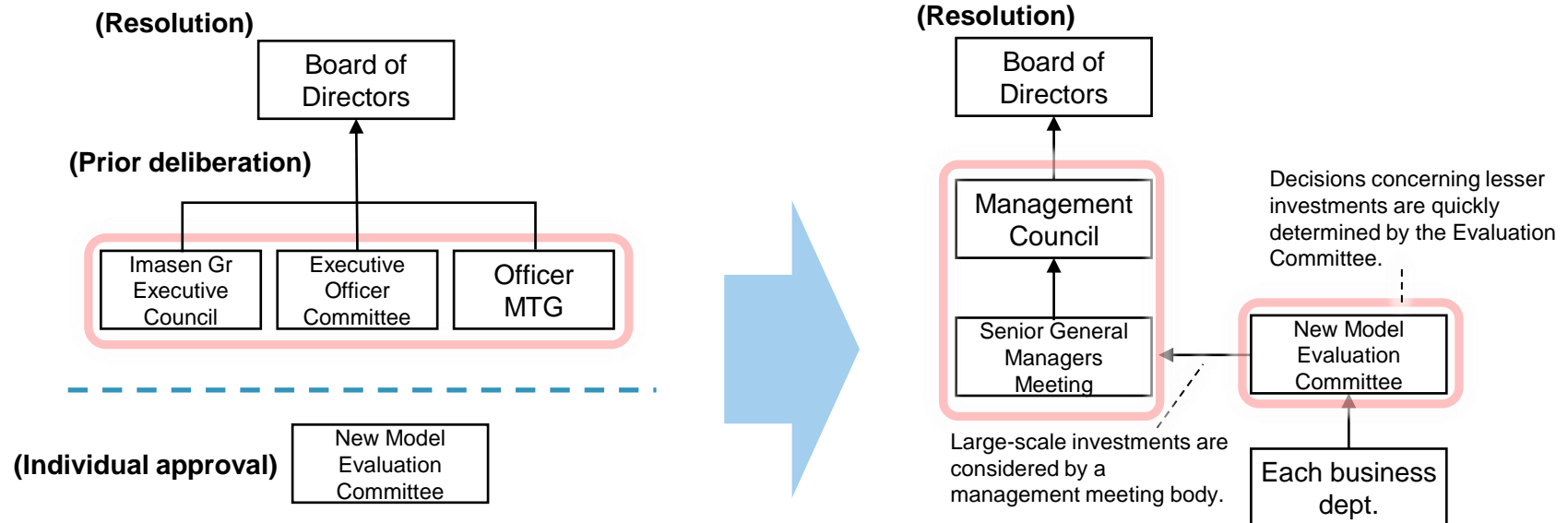
① Accelerating decision-making ③ Strengthening competitiveness

### 1) Reviewing the launch process for new models

- Setting criteria for investment decisions to be made by New Model Evaluation Committee (transferring authority)
- Setting targets for improving development efficiency and quality/cost/productivity and formulating measures to achieve the targets from the early stages of development for each element
- Reinforcing benchmarks (marketability and cost)

Previously: New Model Evaluation Committee was not involved in the management's final approval on investments, delaying implementation.

Following change: Investment decisions have been partially transferred to the Evaluation Committee, expediting the decision-making process.



We will accelerate the speed of new model launches and strengthen product competitiveness.

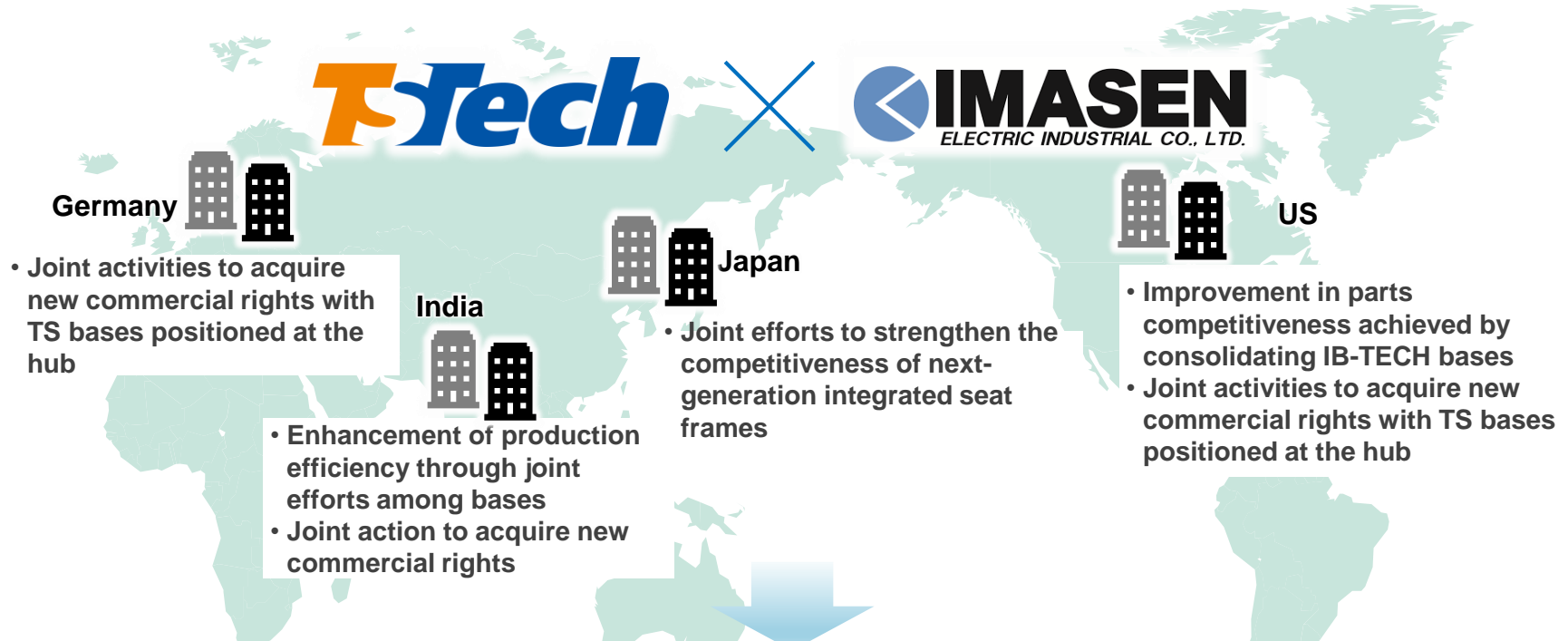
↗ Restoring business performance

↗ Business growth

② Strengthening sales functions

### 2) Promoting joint sales expansion drawing on TS-TECH's global bases

#### ■ Strengthening competitiveness by leveraging capital relationships



**We will evolve our sales, development, and production functions by making effective use of R&D and base resources.**

We will expand the business of TS-TECH and Imasen through synergies by leveraging the strengths of both companies.

↗ Restoring business performance

↗ Business growth

② Strengthening sales functions ③ Strengthening competitiveness

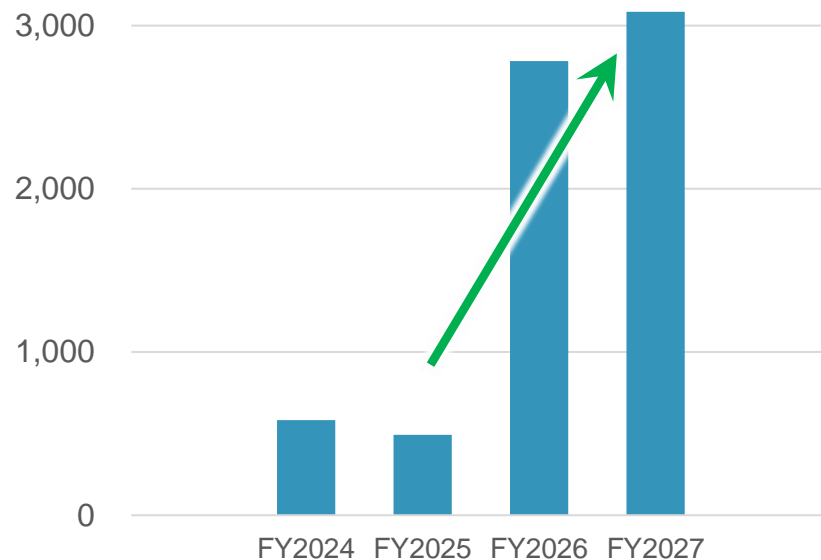
### 3) Accommodating expanded sales and increased production in Indian market

- Net sales are expected to **increase sharply** due to the acquisition of new orders from Japanese OEMs.
- Growth in orders received for peripheral products
- Site leasing for new TS-TECH plant



Million rupees

<Trends in net sales>



#### Further strengthening competitiveness

- Production framework linked directly to new TS-TECH plant
- Conversion of blank presses to progressive feed
- Adoption of local procurement for molds and jigs
- Adoption of local procurement for materials
- Adoption of local procurement for parts

**\* We will also pursue expanded sales of electronic parts.**

We will strive to make proactive investments in markets in which we can expect to expand.



↗ Restoring business performance

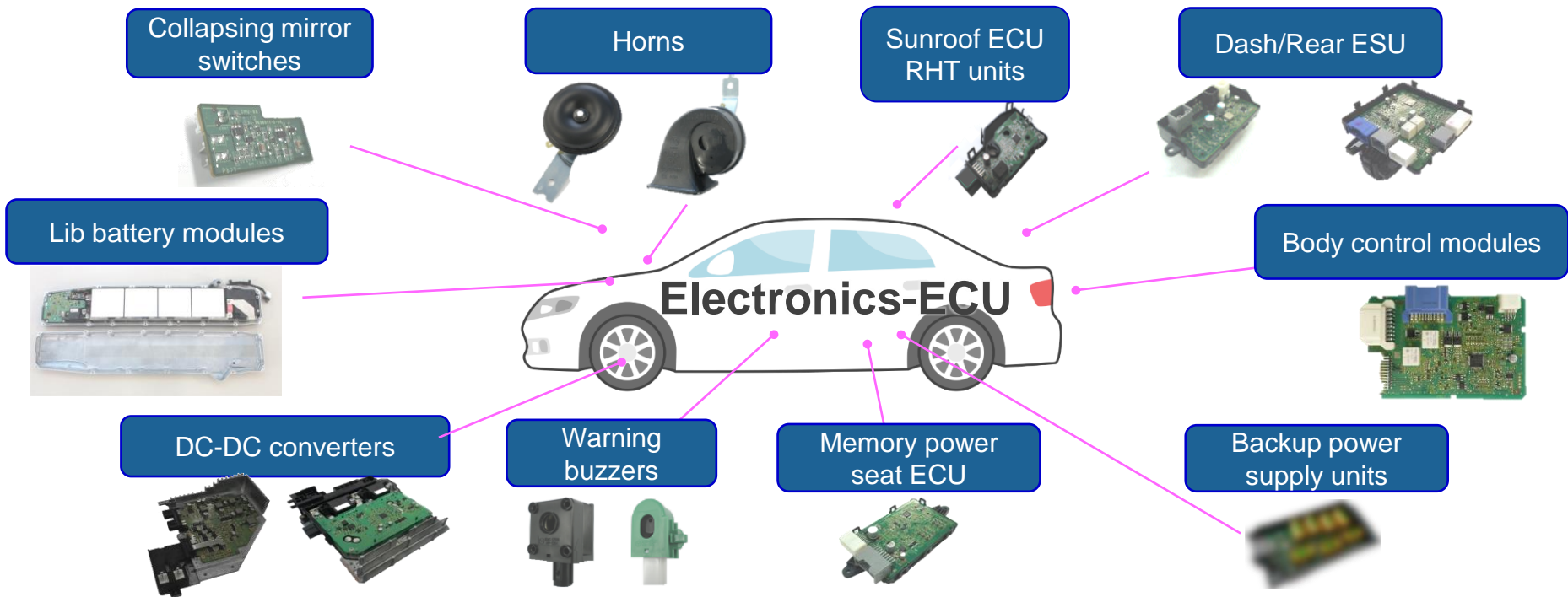
↗ Business growth

② Strengthening sales functions

### 4) Promoting sales channel expansion in Electronics Business

- Adding new customers for existing product lines (including boosting overseas orders)
- Expanding joint sales efforts that transcend the business boundaries of Seats/Electronics

#### Existing product lines



We will expand sales by highlighting the appeal of our wide-ranging product line to new customers.



↗ Restoring business performance

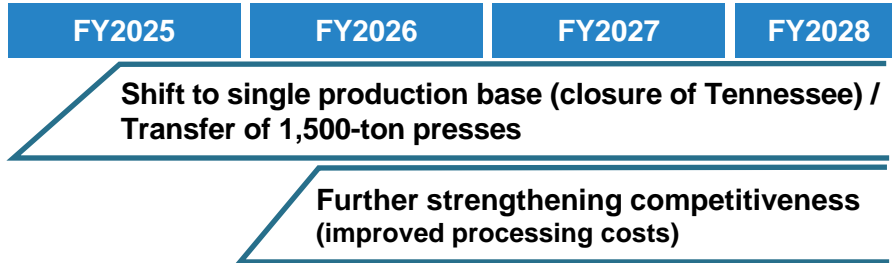
↗ Business growth

④ Restructuring in North America and China

### 5) Making investments to strengthen our competitiveness in line with shift to single base in North America



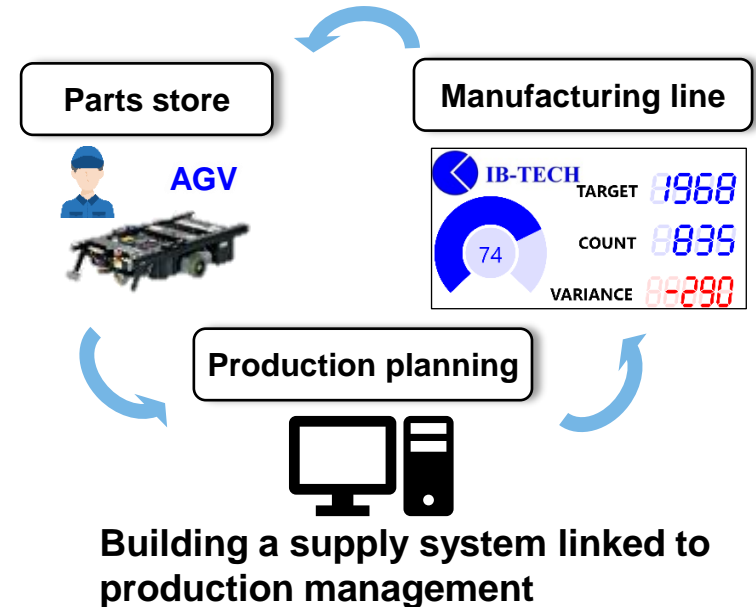
- Strengthening competitiveness by building integrated production framework that encompasses press, welding, painting, and assembly processes



#### Further strengthening competitiveness

Currently examining:

- Revising on-premises logistics in line with consolidation of Tennessee Plant at Ohio Plant
- Incorporating external warehouses
- Renewing the production management system
- Modernization of painting equipment, the incorporation of in-house production, etc.



We will strive to strengthen the competitiveness of our North American base, where revenues are improving.

↗ Restoring business performance

↗ Business growth

④ Restructuring in North America and China

### 6) Establishing framework tailored to the shrinking Chinese market

- Pursuing the optimization of a production framework to strengthen competitiveness by building an integrated production framework that encompasses press, welding, painting, and assembly processes



#### Expanding measures based on the assumption that production scales will not return to previous levels

- Reducing headcount
- Surveying local suppliers to strengthen cost competitiveness
- Reinforcing local design functions to expedite development
- Improving usage rates by promoting in-house production
- Promoting sales expansion to local OEMs

\* The roles assigned to each of the two bases will also be examined.

We will rebuild a framework that enables us to secure profit even in the shrinking Chinese market.

↗ Restoring business performance

↗ Business growth

⑤ Restructuring procurement structure

### 7) Reviewing the characteristics of the procurement structure

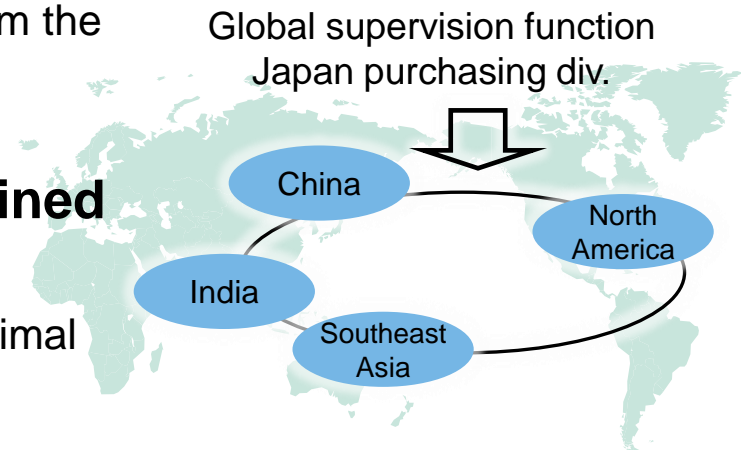
- Strengthening cost competitiveness by adopting new procurement methods free of conventional constraints for parts that account for a significant proportion of material costs

#### Promoting joint development with suppliers

Working jointly with globally competitive partners from the development stage

#### Promoting local procurement unconstrained by conventional process lines

Making proactive use of local suppliers to create optimal procurement structures for each region



The Japan purchasing division provides global supervision and management.

We will promote improvement activities for domains featuring high cost composition ratios by looking beyond our current outlook.

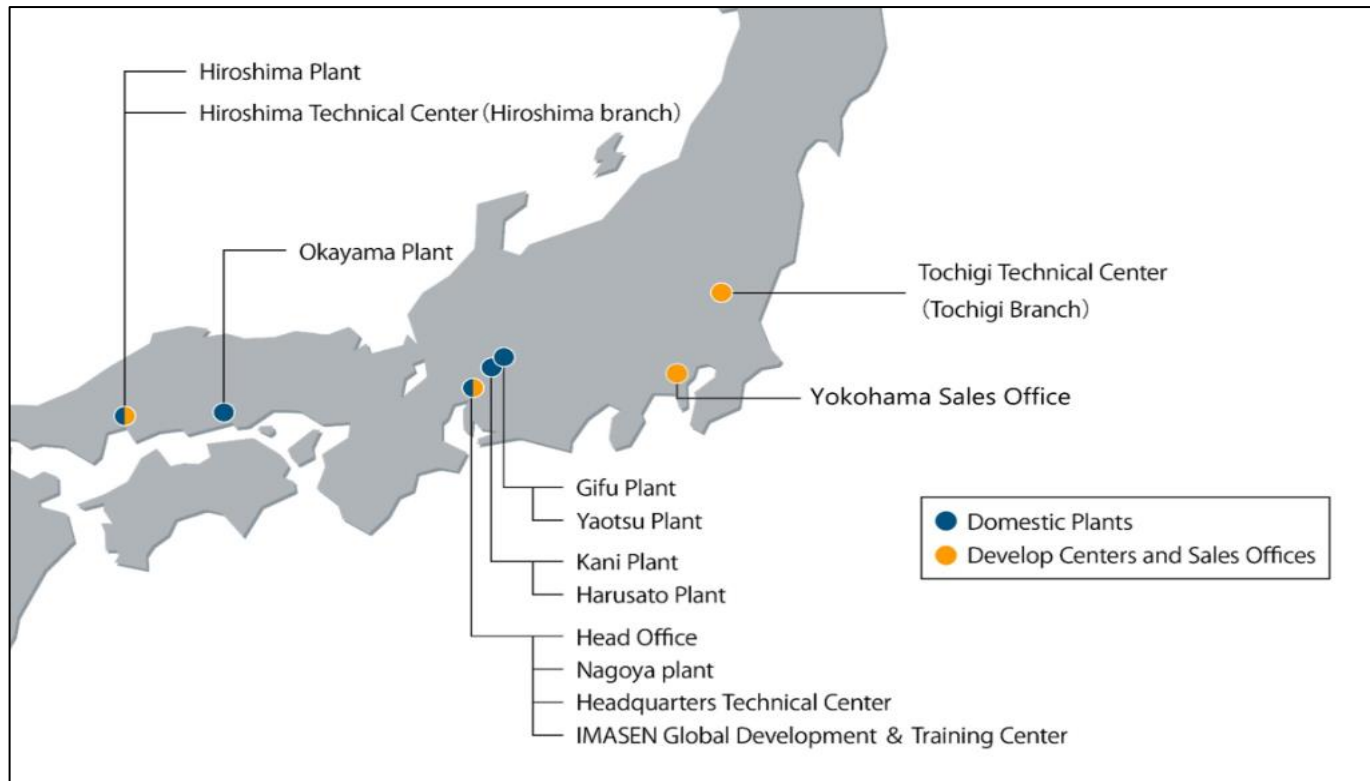
↗ Restoring business performance

↗ Business growth

⑥ Reconstruction of earning power

### 8) Reorganizing domestic business bases

- Considering the reorganization of domestic business bases in line with our view that restoring domestic business performance is a key challenge
- Considering strengthening the production framework under the Electronics Business using existing bases



We will promote product line selection and concentration and the corresponding optimization of bases.

↗ Restoring business performance

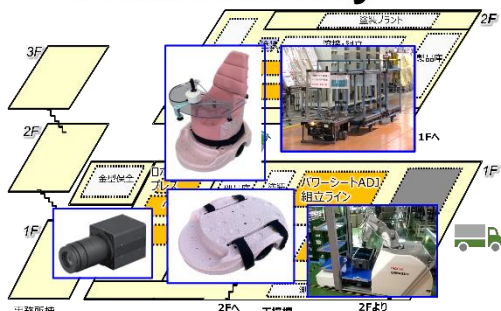
↗ Business growth

⑧ Group synergies

### 9) Increasing investment in new product development

- Developing three themes by pursuing group synergies
- Undertaking project activities by establishing dedicated development teams
- Proactively promoting sales and proposal activities alongside development efforts

#### Smart factory



Fully automated AGV from picking to line supply

#### New cabin spaces



Various products and services aimed at the future

#### Personal mobility



Lightweight mobility for elderly individuals

Elemental technologies

Manufacturing

IT

Mechanisms

Electronics

Transmission

Driving

Ergonomics

Image processing

AI

We will tackle the cultivation of new business domains with an eye on future growth.

↗ Restoring business performance

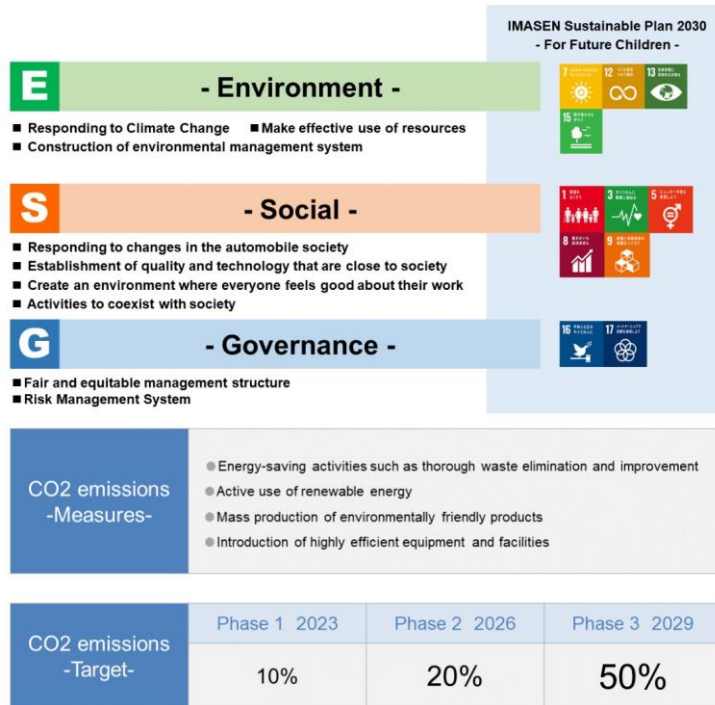
↗ Business growth

⑨ ESG management

### 10) Promoting sustainable activities

- Identifying priority issues (materialities) from among the SDGs, other social issues, and issues specific to us and striving to contribute to a sustainable society and achieving sustainable growth in our businesses

#### <Overview of activities>



#### ➤ Sustainability evaluations by external organization

##### Setting targets for EcoVadis evaluation

Item	Description
What is EcoVadis?	<b>EcoVadis provides evaluation services to buyer companies for supplier company CSR policies, measures, and business performance.</b> EcoVadis has evaluated more than 100,000 companies in 175 countries.
Evaluation process	Evaluations are based on four themes: <b>the environment, labor and human rights, ethics, and sustainable procurement.</b>
Score	Expressed as a numerical value from 0 to 100 Top-ranked companies are recognized with a medal.
Target companies	Companies evaluated: Over 100,000 (approx. 3,500 in Japan) Buyer companies: Over 1,000 (approx. 30 in Japan)

We will verify our progress in quantitative terms with the adoption of the EcoVadis evaluation, an external assessment.



↗ Restoring business performance

↗ Business growth

⑦ Capital policy

## 11) Management that takes into account capital costs and share price

<Analysis of current situation>

<b>PBR</b>	Chronically below 1.0x.
↳ <b>PER</b>	Our share price is currently failing to track along the trend of revenue improvement. Communication that ensures understanding of our future growth potential remains a challenge.
↳ <b>ROE</b>	Hovering low due to the ongoing posting of negative profit attributable to owners of parent, despite trending towards improvement in the immediate term
↳ <b>Ratio of profit attributable to owners of parent to net sales</b>	Ongoing sales decline and posting of negative profit attributable to owners of parent Restoring business performance is our top priority.
↳ <b>Net asset turnover</b>	Improvements in turnover stagnant due to declining sales
↳ <b>Financial leverage</b>	Our finances are more or less stable.

➤ Setting management targets after taking our capital costs into account

<b>WACC (Weighted Average Cost of Capital)</b>	<b>Approx. 4.3%</b>
Cost of debt capital	Approx. 4.4%
<b>Cost of shareholders' equity</b>	<b>Approx. 5.1%</b>

\*Calculated using CAPM



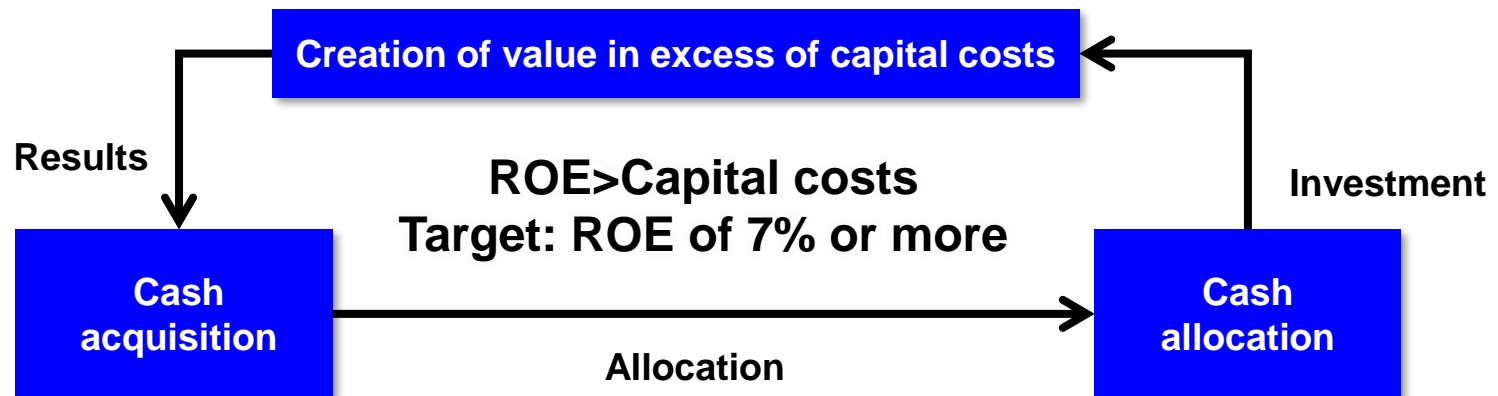
**Using ROE as an indicator,**  
we will target an ROE of **7%** or more, which exceeds the cost of shareholder equity and is comparable with the industry norm.

Based on a recognition of capital costs, we have set a target figure for capital costs based on ROE.

**Basic Policy: To deploy capital in a manner that takes into account capital costs and our share price**

In addition to stabilizing cash generation, we will deploy capital efficiently and in a manner that contributes to future growth while returning profits to our stakeholders.

### Implementing a cycle to improve capital efficiency



- **Improving Profitability:** Deployment of Nine Measures under the Medium-term Management Plan
- **Selling strategic equity holdings:** To be implemented between FY2025 and FY2027
- Considering the sale of idle assets
- Conducting investment financing with the use of debt instruments

- **Making investments aimed at business growth:** making investments to establish new businesses and strengthen revenue constitution
- **Reinforcing development of new products and technologies**
- **Focusing on shareholder returns (reviewing dividend policy)**

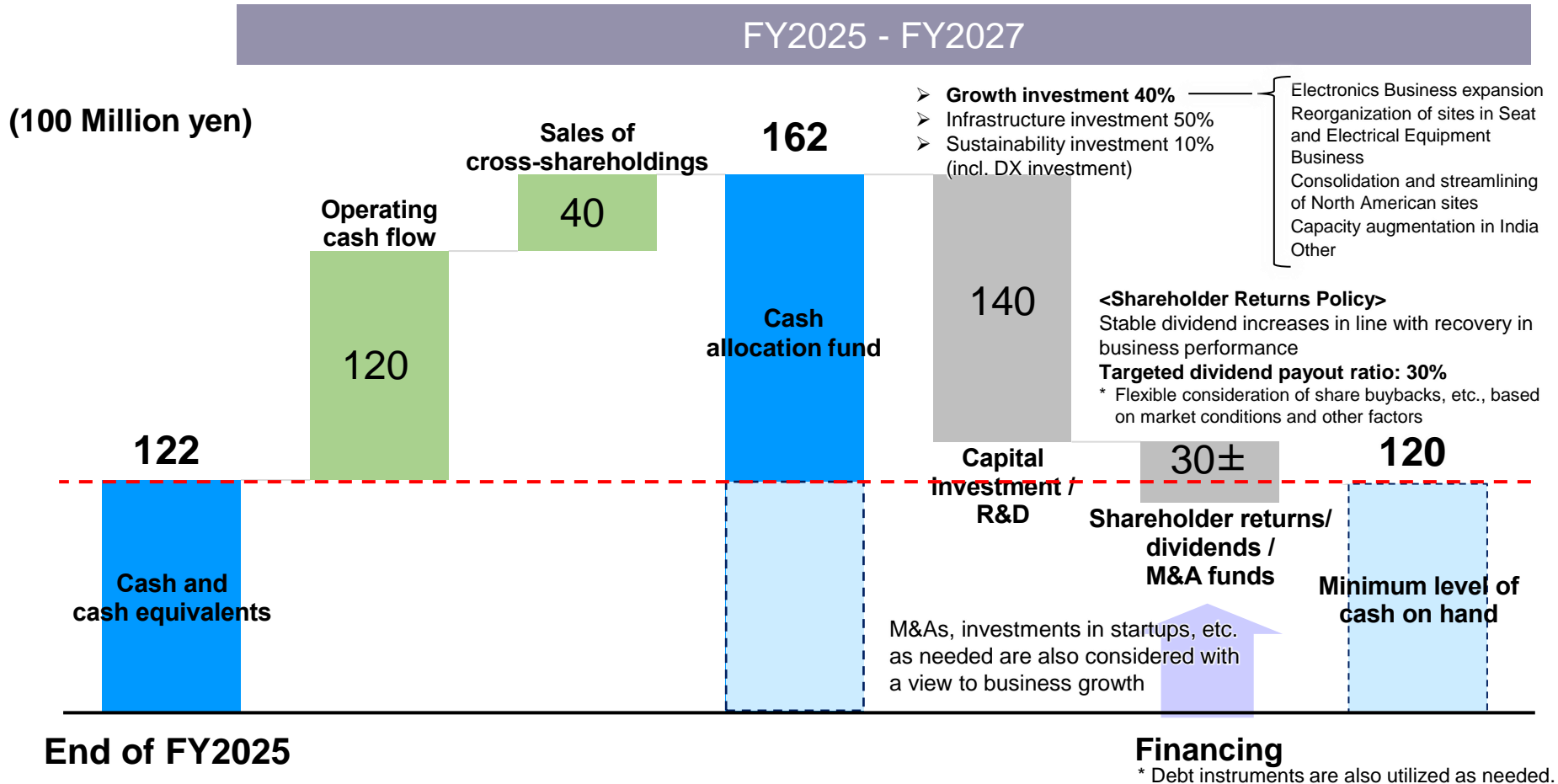
**Optimizing capital structure**  
**(Practicing selection and concentration; reviewing unprofitable businesses)**

**Improving communication with shareholders and investors**



### Cash allocation aimed at growth

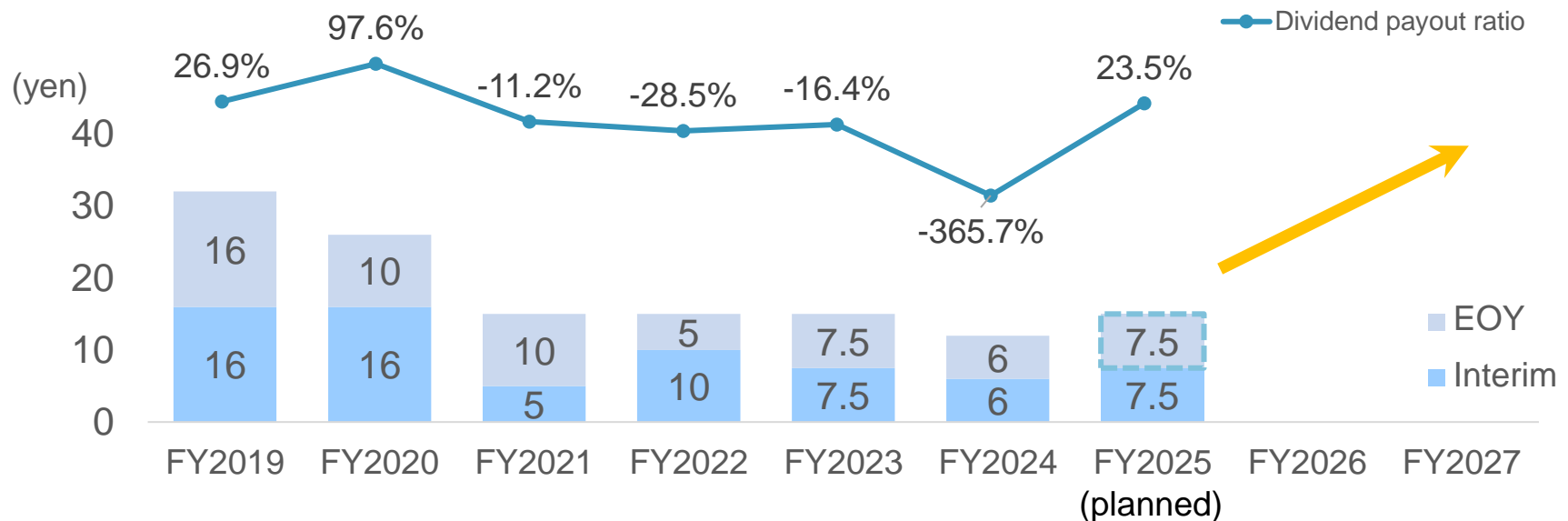
We will generate income through **improved business performance** and aim to **invest in new growth channels**, thus **elevating shareholder returns over the long term**.



Prioritizing the allocation of funds to growth investments.

### Reviewing our dividend policy

- Stable dividend increases in line with the recovery in business performance
- Determine **dividend payout ratio** based on the full-year business environment and performance while **targeting a ratio of 30%**



### Improving communication with stakeholders

- We will work to enhance our sustainable corporate value through dialogue with our various stakeholders.
- As part of **proactive investor relations**, we will disseminate corporate information to our shareholders and investors in an appropriate and timely manner.

If full-year performance can be secured, we will consider revising the dividend amount for the current fiscal year.

## IR Calendar

2024

Dec 2(Mon.)

Interim dividend payment for the FY2025  
Interim Business Report sent to shareholders

2025

Feb 7(Sat.)

FY2025 3Q Financial Results Announcement

Feb 14(Sat.)

FY2025 3Q Financial Results Briefing

@ The Securities Analysts Association of Japan Conference Room (Tokyo)

Early May

FY2025 Financial Results Announcement

Mid May

FY2025 Financial Results Briefing

@ The Securities Analysts Association of Japan Conference Room (Tokyo)



# Creating the future of mobile space

## *Challenge by New Imasen*

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