Action to Implement Management that is Conscious of Cost of Capital and Stock Price

Updated Nov.14, 2025

Imasen Electric Industrial Co., Ltd.

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

1. Summary of initiatives

Regarding the ‘Action to Implement Management that is Conscious of Cost of Capital and Stock Price’ announced on Nov. 29, 2024,
we are proceeding in accordance with the plan.

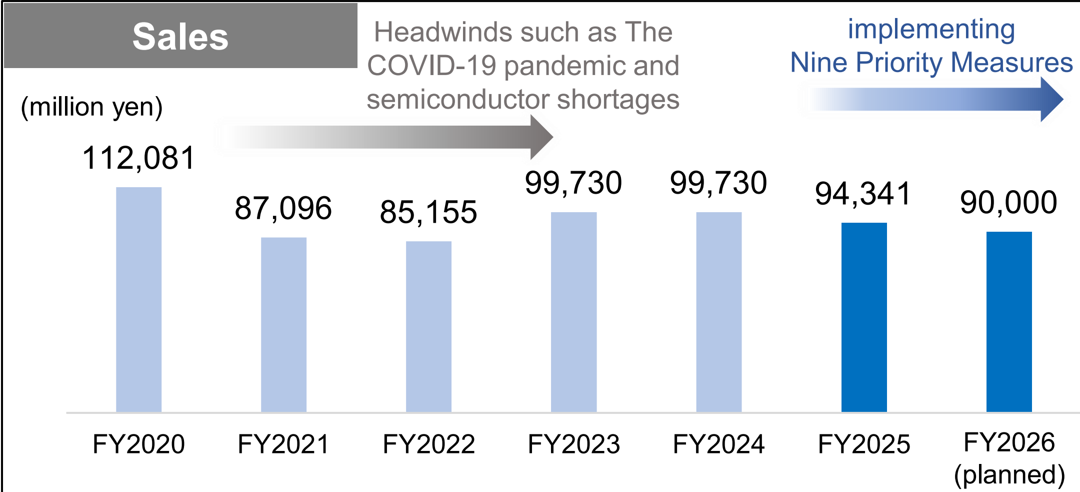
Major initiatives to achieve management that takes capital costs and stock prices into consideration
(Apr. 2024 - the end of Sep. 2025)

Response policy	Summary of initiatives
Improving profitability	Revised Medium- to Long-term Management Plan for FY2025, **implementing Nine Priority Measures**
Reduction of cross-shareholdings	After verifying the effectiveness of strategic shareholdings, we will determine whether or not to continue holding them and **promote their reduction**.
Selling idle assets and making effective use of assets	In order to improve asset efficiency through the effective use of management resources, **we have completed the sale of our Mexico and Tennessee plants**.
Strengthening capital investment and development investment	**The company will invest a total of 5.8 billion yen in capital investments**, including launching new products at global bases, expanding production capacity, restructuring domestic factories, and streamlining investments.
Improving shareholder returns	Nov. 2024: **Dividend policy review** Dec. 2024: **Decision to increase dividend by 5 yen** Feb. 2025: **Decision to acquire and cancel treasury stock** Aug. 2025: **Decision to increase dividend by 2 yen** Aug. 2025: **Implementing a shareholder benefit program**
Strengthening IR activities	・**Hold quarterly** financial results briefings (from twice a year to four times a year) ・**Exhibit at the Nagoya Stock Exchange IR Expo** ・**Plan to hold briefings for individual investors twice a year** (starting in FY2026)

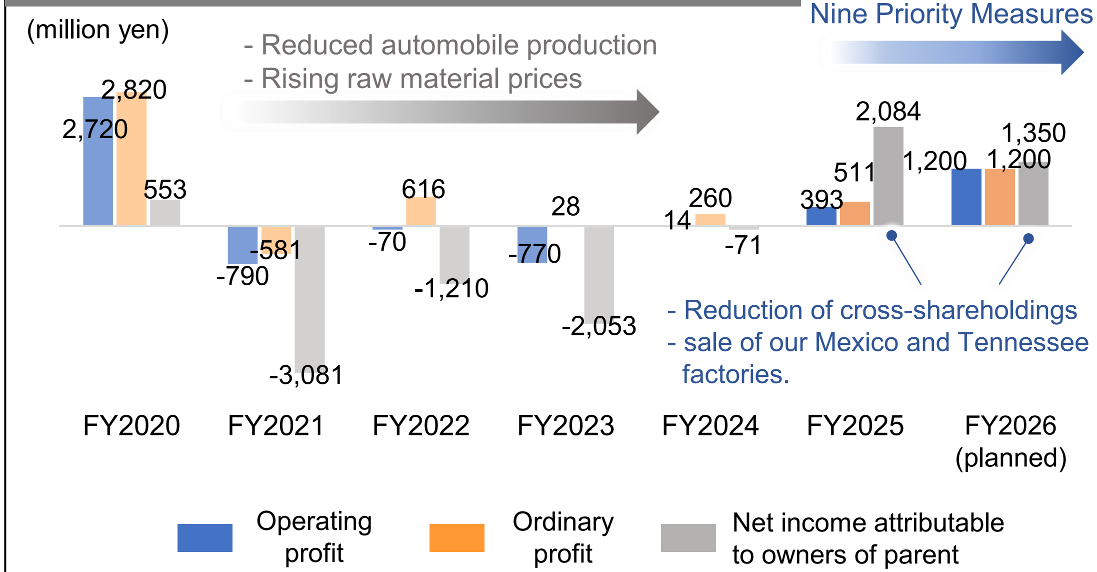
2. Transition in each indicator

Performance

Sales



Operating profit, Ordinary profit, Net profit



Current situation analysis

The COVID-19 pandemic, reduced automobile production due to semiconductor shortages, rising raw material prices, and disruptions to international logistics are weighing on profits.

Sales recovery was delayed due to a combination of the discontinuation of end-of-life models due to a shift in production items in North America and sluggish demand in the Chinese and Asian markets.

We have re-established our medium- to long-term target for the period from FY2025 to FY2030, and are working to strengthen our business structure, with profits expected to recover from FY2024 onwards.

Issue recognition

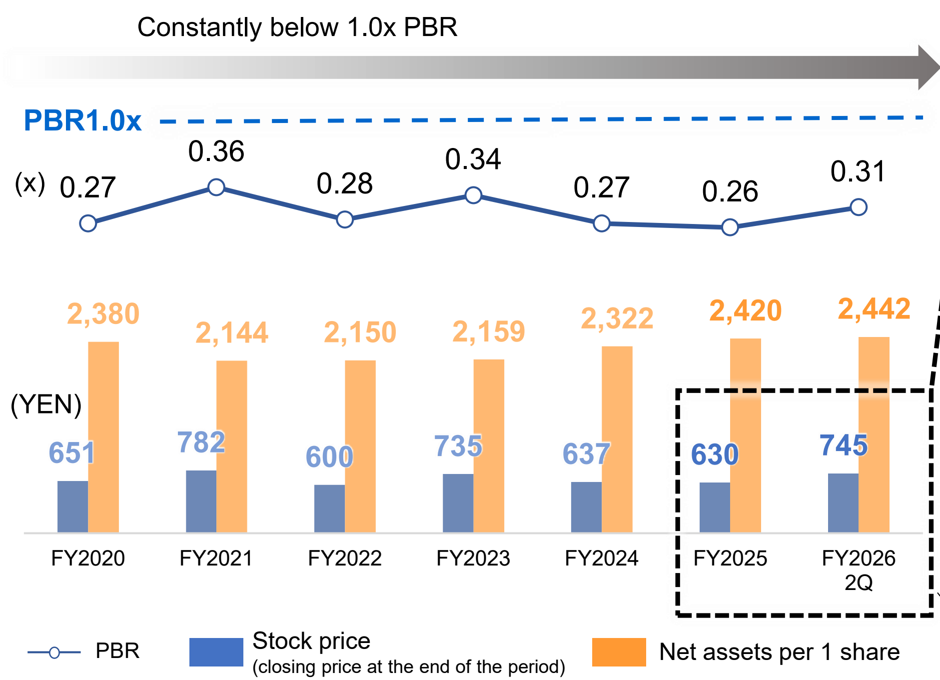
Sales are expected to bottom out as a result of proactive order-seeking activities aimed at achieving the Medium- to Long-term Management Plan, and we will work to secure orders for further business growth.

Although profits are showing signs of recovery, we are seeking further recovery in our business performance and will continue to work to improve our profitability and prepare to reap the benefits of a future recovery in orders.

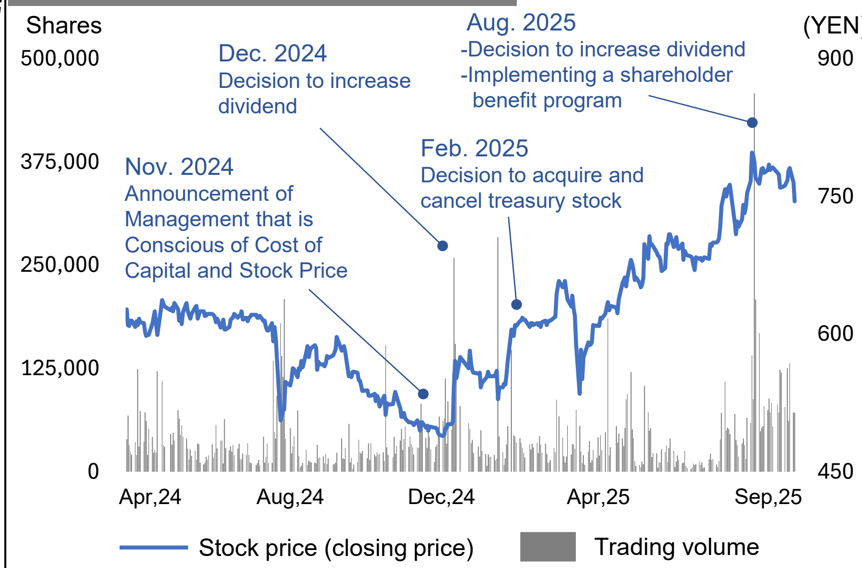
2. Transition in each indicator

Stock Price and Related Indicators

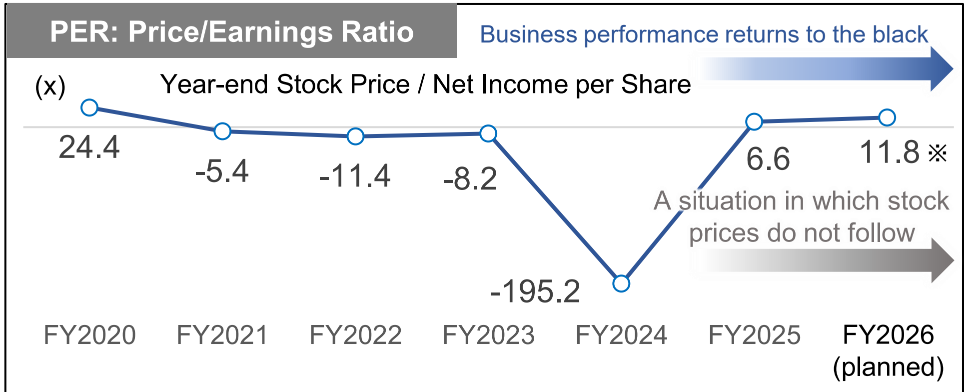
PBR: Price to book ratio Year-end share price/Net assets per share



Stock price and trading volume



PER: Price/Earnings Ratio



*Calculated based on the share price as of the end of September 25

Current situation analysis

Although the stock price is on an upward trend due to efforts such as recovery in business performance through the implementation of key measures, shareholder returns, and IR activities, Still not reaching PBR 1.0x.

Issue recognition

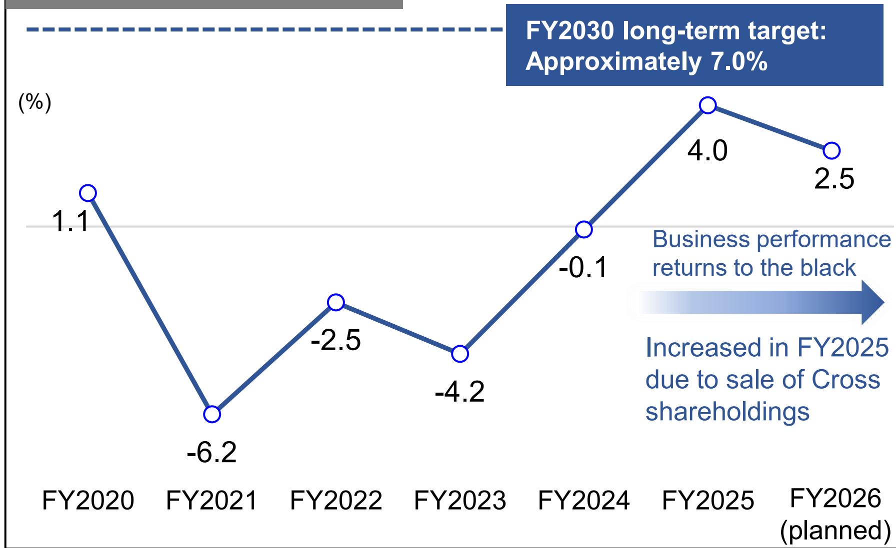
Achieve a recovery in performance in line with our Medium- to Long-term Management Plan.

We need to increase our visibility in the stock market by strengthening our investor relations activities and thoroughly explaining our initiatives.

2. Transition in each indicator

ROE and related indicators

ROE: Return on equity Net income divided by equity



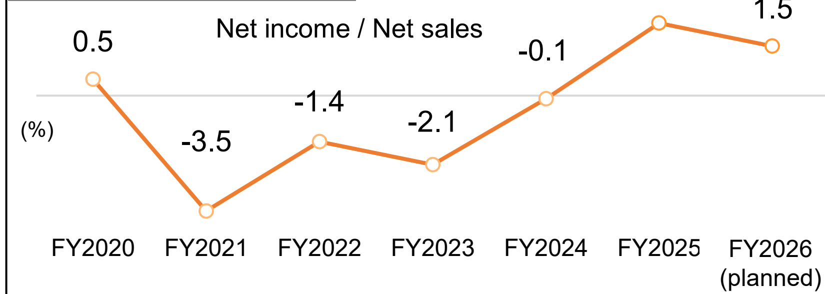
Current situation analysis

Although the Company was able to return to profitability in FY 2024, it is necessary to further improve profitability to achieve the medium- to long-term ROE target of 7%.
Financial leverage remains at a low level, and there is room to raise funds for further capital investment.

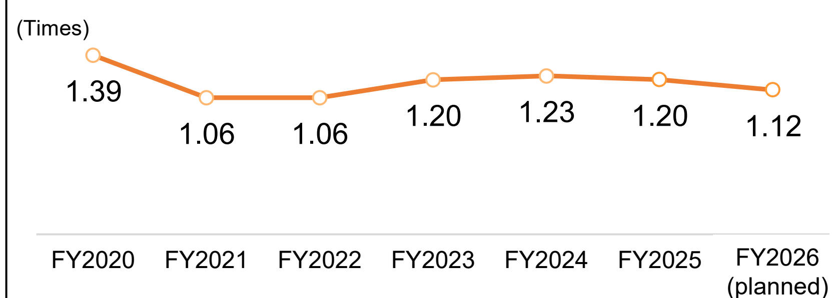
Issue recognition

It is necessary to promote the Medium- to Long-term Management Plan, improve profitability, and use funds efficiently by utilizing borrowings.

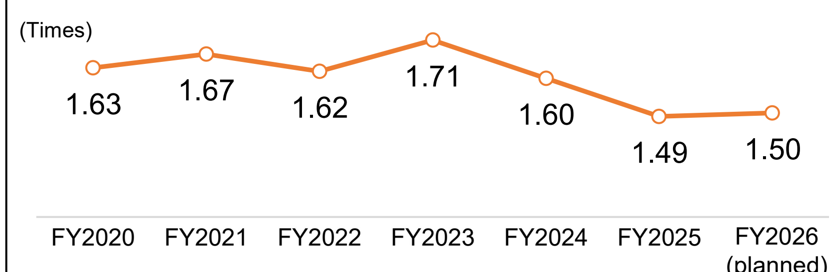
Net profit margin Net income / Net sales



Net asset turnover Net sales / Total assets



Financial Leverage Total assets/equity capital



2. Transition in each indicator

Cost of capital and related indicators

※ Shareholder costs are based on the fiscal year ending March 2025.

Cost of equity

Approximately 6.4%
(5.1% last year)

*Calculated by CAPM

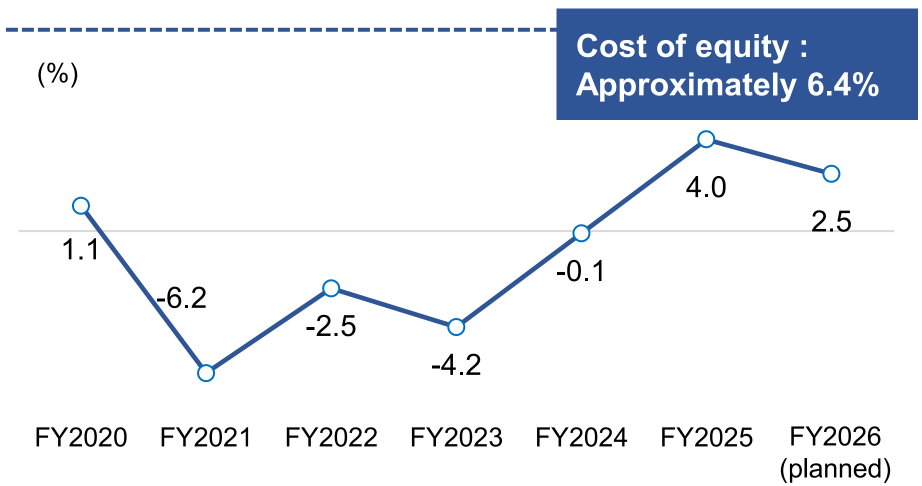
Debt Costs

Approximately 3.7%
(4.4% last year)

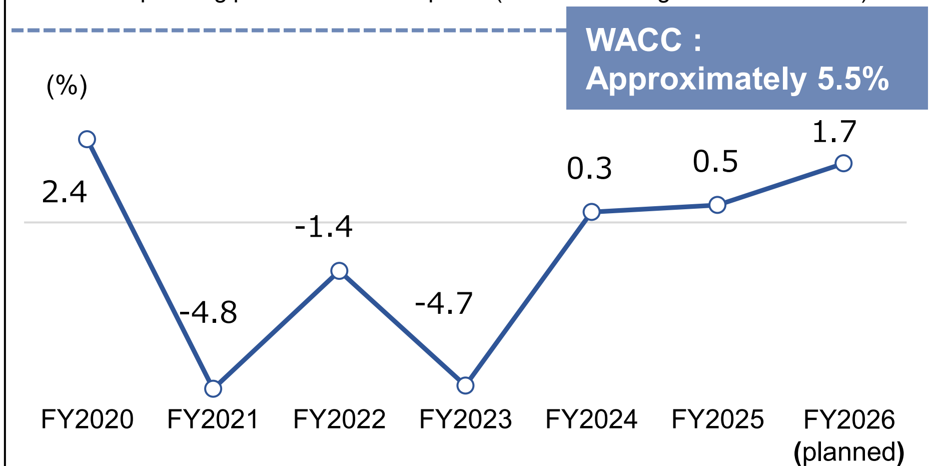
WACC

Approximately 5.5%
(4.3% last year)

ROE: Return on equity
Net profit / equity capital



ROIC: Return on invested capital
After-tax operating profit / invested capital * (interest-bearing debt + net assets)



Using ROE as an indicator, we aim to exceed the cost of equity capital by 7% or more, which is in line with the industry standard.

Current situation analysis

The cost of equity capital has risen due to an increase in the risk-free rate caused by rising government bond interest rates and an increase in the beta value (market sensitivity) caused by stock price fluctuations.

Although the cost of interest-bearing debt has decreased due to a decrease in interest-bearing debt, the WACC has also risen due to an increase in the cost of equity capital.

Issue recognition

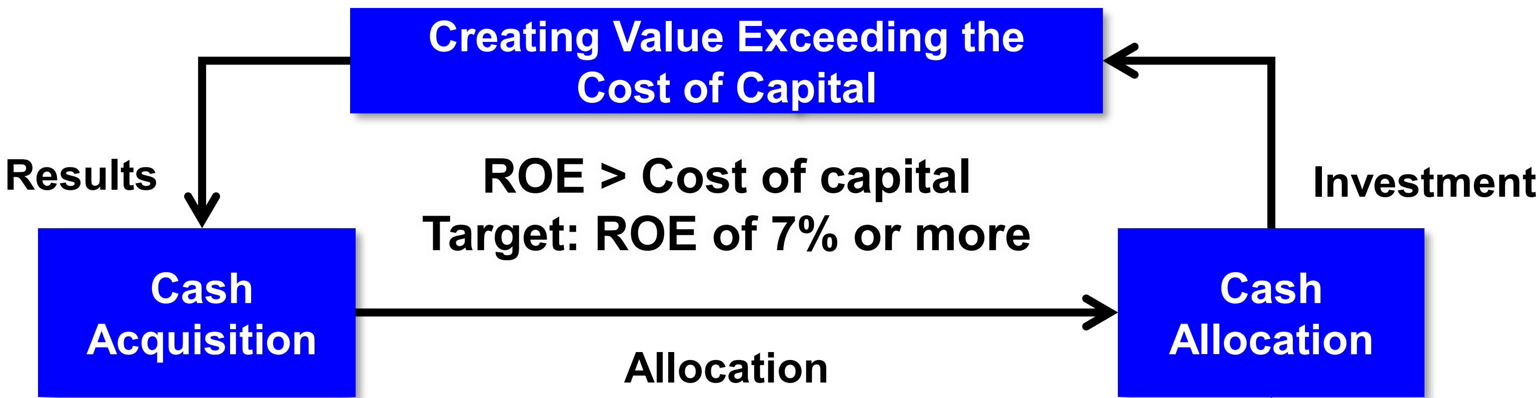
Recognizing that capital costs are rising, we will work to improve profitability and capital efficiency with a target ROE of 7% or higher.

3. Response policy

Basic Measures: Use of Cash Aware of Capital Cost and Stock Price

We will use cash to contribute to future growth while focusing on the stabilization of cash generation, pursuit of capital efficiency, and return to shareholders.

Run a cycle to increase capital efficiency



- Improve Profitability
>implementing nine key initiatives
- Sale of cross-shareholdings
>Implemented during the current medium-term management plan
・Sale of idle assets and efficient use of assets
・Investment financing using borrowing

- Investing in business growth
>Investment to establish new businesses and strengthen profitability
- Strengthen development of new products and technologies
- Enhance shareholder returns (review dividend policy)

Capital Structure Optimization (Selection, Concentration, Review of Unprofitable Businesses)

Improving communication with shareholders and investors

3. Response policy

Improving profitability through the implementation of Medium- and Long-term Management Plan measures

FY2025 → FY2027 → FY2030

Backcasting

FY2025-FY2027 Medium-term Management Plan

FY2027 target	Sales	Operating profit	ROE
	91 billion yen	4.0%	4.0% or more

FY2030 target	Sales	Operating profit	ROE
	150 billion yen	6.0%	7.0% or more

Corporate goal for the medium term : **Restore business performance and grow businesses**

Nine Priority Measures

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

Each measure is progressing as planned.

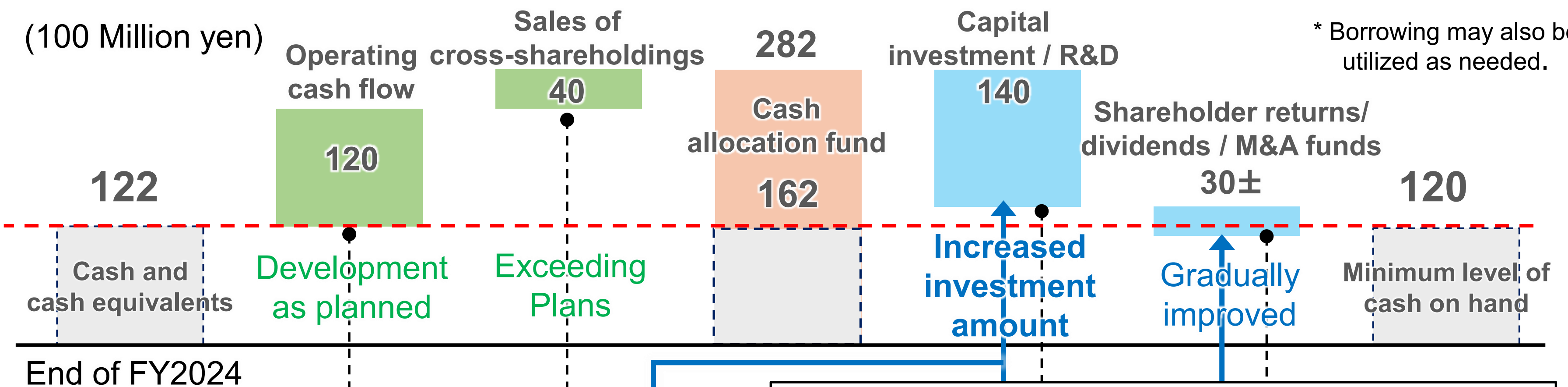
3. Response policy

Cash allocation aimed at growth

FY2025 - FY2027

By ensuring a recovery in business performance, we aim to raise funds, **invest in business growth**, and **improve shareholder returns.**

Initial plan



Progress

Acquisition of operating cash flow

-Implementing 'Nine Priority Measures'
-Generating profits and cash flow in line with plans

Sales of strategic shareholdings

FY2025 **Sold 4 stocks** (53)
FY2026 **Sold 5 stocks** (2) Total 55
->Any excess over the plan will be used to increase future investments.

Capital investment / R&D

FY2025 **Selling a factory in Mexico** (10)
FY2026 **Selling a factory in Tennessee** (13) Total 23
->Use it to increase future investments

Enhancement of shareholder returns

FY2025 Shareholder dividends (4.3)
Dividend increase of 5 yen 15 yen -> 20 yen
FY2025 **Acquire treasury stock** (5)
FY2026 Shareholder dividends (4.6)
Dividend increase of 2 yen 20 yen -> 22 yen(Estimate)
FY2026 **Introduction of shareholder benefits syste** (1)
->The unused portion will be used to enhance shareholder returns and fund M&A.

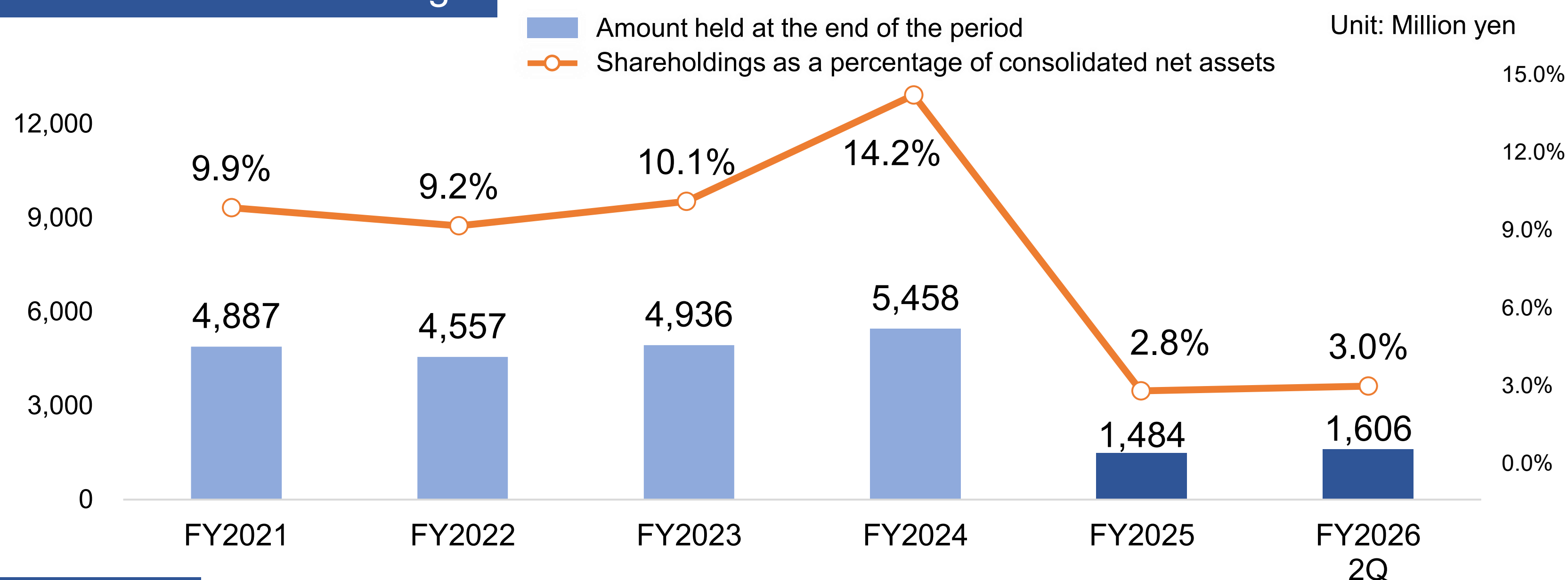
We are promoting investment and shareholder return measures by allocating funds as planned.

4. Initiative results

Reduction of cross-shareholdings

In accordance with the Corporate Governance Code, we are reviewing the effectiveness of our strategic shareholdings, determining whether they are appropriate, and proceeding with the reduction of these holdings. Through sales, we aim to further improve asset efficiency and strengthen our financial position.

Status of cross-shareholdings



Sales record

Number of stocks	0	8	4	8	4	5
Sales price (million yen)	0	412	98	444	5,309	242

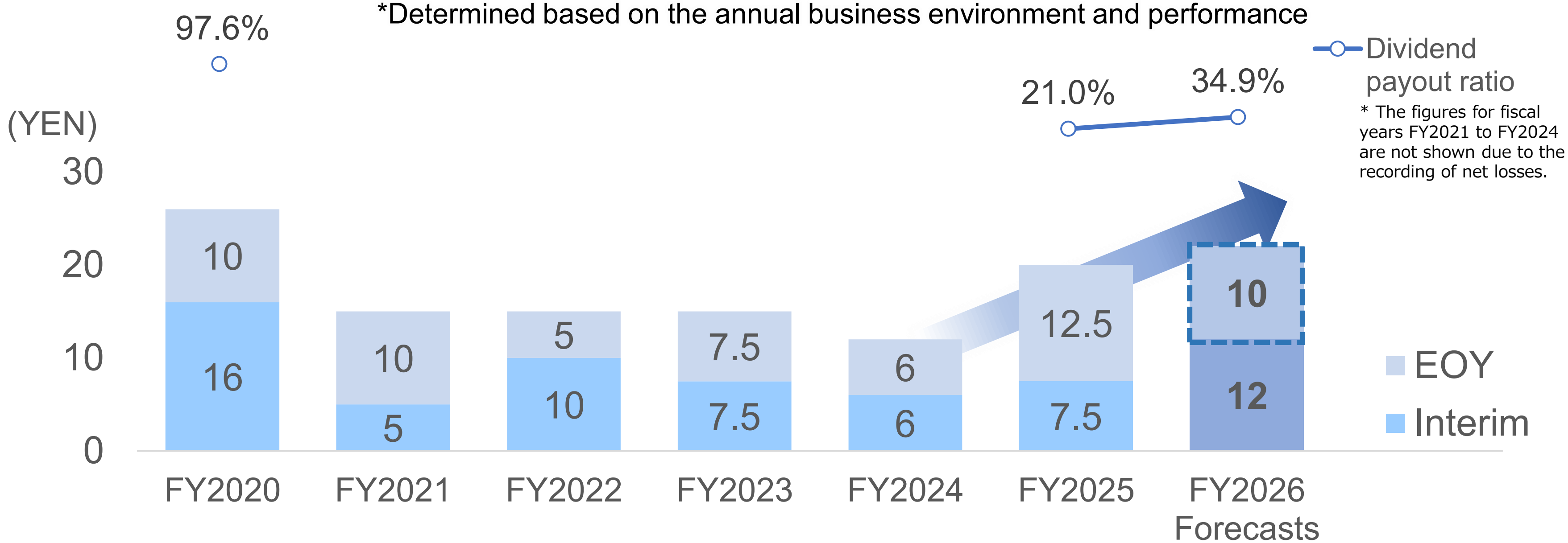
4. Initiative results

Shareholder returns

- Stock dividends

[Dividend Policy] - **Stable dividend increase** in proportion to business recovery
- Target dividend payout ratio: **30%**

*Determined based on the annual business environment and performance



- Acquisition and cancellation of treasury stocks

We decided to acquire and cancel treasury stocks to further increase shareholder returns and improve capital efficiency.

Acquisition	Quantity: **700,000 shares** (max) Total acquisition cost: **500 million yen** (max) Acquisition period: **Feb. 10, 2025 – Feb. 6, 2026**
Cancellation	Quantity: **700,000 shares** (max) Scheduled cancellation date: **Feb. 27, 2026**

Progress (as of end of Oct. 2025)	
Number of acquired shares	613,600 shares
Acquisition cost	417 million yen

4. Initiative results

Implementing a shareholder benefit program

We have decided to introduce the ‘IMASEN Premium Benefit Club’ a shareholder benefit program, with the aim of increasing the appeal of our shares and encouraging more people to hold them for the long term. (Announced Aug 27, 2025)

Premium
プレミアム優待倶楽部

Shareholder benefits points will be awarded according to the number of shares held and the period of time held. (Long-term ownership benefits available)

IMASEN website
shareholder benefits page (JP)
https://www.imasen.co.jp/ir/share/benefits/

You can exchange your points for your favorite products from over 5,000 types of special offers, including gourmet food, fine sake, home appliances, and experience gifts.

[Reference] Changes in shareholders and shares

	As of Mar. 31, 2025	Change	As of Sep. 30, 2025
Total number of shareholders	5,528	Overall increase of 455	5,983
Of which, individual investors	5,313	Individual shareholders +440	5,753
Total number of shares	23,475,352		23,475,352
Of which, individual investors	8,427,818	Individual shareholders +208,874	8,636,692

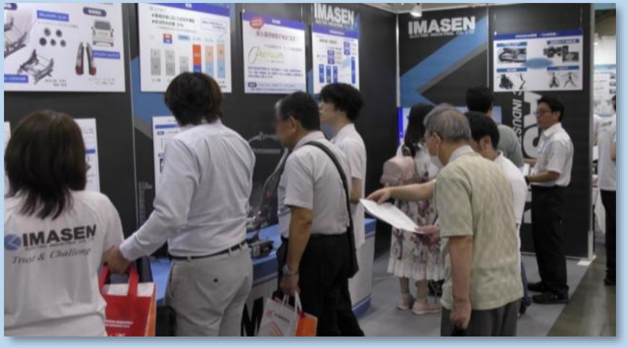
4. Initiative results

Enhancement of IR activities

Strengthening IR activities to communicate with investors

Nagoya Stock Exchange IR Seminar in Tokyo (Held on May. 22, 2025)

Approximately 300 individual investors attended the event.
In addition to a Q&A session at the venue, approximately 200 people provided their opinions via a questionnaire.



Nagoya Stock Exchange IR Expo (Held on Sep. 5-6, 2025)

Over 500 individual investors visited our booth.
We had the opportunity to interact with many of them and received their opinions through questionnaires, etc.

Holding of financial results briefings (changed from semi-annual to quarterly)

In order to foster dialogue with institutional investors, as in last year, we are holding quarterly financial results briefings in a hybrid format, utilizing online venues.

We will reflect the opinions of our investors in our future management.

Creating the future of mobile space

Challenge by New Imasen

- Forecasts of business results and other forward-looking statements in this document represent estimates and projections based on information available to the Company at the time of publication. They entail risks and uncertainties.
- Actual results may differ from projections for various reasons.

○ **Address any IR-related inquiries to:**
Attn.: IR personnel, Business Planning Section, Global Management Business Unit, Imasen Electric Industrial Co., Ltd.
Tel: +81 568-67-1517
URL: https://www.imasen.co.jp/contact/