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November 28, 2025

To whom it may concern:

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### **Notice Concerning Measures to Realize Management Conscious of Cost of Capital and Stock Price (Update)**

Ohashi Technica, Inc. (the “Company”), having announced “Measures to Realize Management Conscious of Cost of Capital and Stock Price” on November 12, 2024, hereby announces that it has reviewed and updated, at the meeting of the Board of Directors held on November 28, 2025, the current status and further improvements to such measures for the future.

#### 1. Update on “Measures to Realize Management Conscious of Cost of Capital and Stock Price”

##### (1) Recognition of Status

- 1) The Company has been implementing its six-year Medium-Term Business Plan: Mission 2025 + 2, with its final year set for fiscal year 2027, which aims to expand upon business performance through the “Pursuit of Economic Value,” as well as to contribute to the realization of a sustainable society with the “Creation of Social Value.”
- 2) Following the COVID-19 pandemic, business performance has seen relatively firm and ongoing recovery to net sales, aided by yen depreciation. In terms of profits, however, although factors such as delays in reflecting to sales prices cost increases, including soaring procurement and raw material costs and rising labor costs, as well as decreased production efficiency in the manufacturing division, and the recording of losses stemming from drastic changes in the business environment in China, all continued to drive profit levels downward, operating profit and earnings finally began to rebound in the fiscal year ended March 31, 2025.
- 3) ROE (Return on Equity) fell to 2.8% in the fiscal year ended March 31, 2024, then subsequently recovered to 4.0% in the following fiscal year. However, this remains below the Company’s cost of capital (approximately 8%, WACC), and there is a continuing situation in which shareholder value is not generated.
- 4) In addition, PBR (Price to Book Ratio), which is calculated by multiplying ROE by PER (Price-Earnings Ratio), held at 0.6 times for the fiscal year ended March 31, 2025. In addition to the delayed recovery in ROE, this demonstrates that the business and growth strategies of the Company, which work toward its future growth, have not yet received sufficient recognition from the market. Consequently, the rise in share price has been limited, and PER remains around 15 times.
- 5) In November 2024, the Company announced its “Measures to Realize Management Conscious of Cost of Capital and Stock Price” and disclosed initiatives to improve ROE, PER, and PBR, as well as its cash allocation plan

during the Medium-Term Business Plan period. Here we confirm the progress made on the various initiatives over the past year, and have reconfirmed response policy going forward and implemented updates.

(2) Progress Made Over the Past Year

1) Improvements to ROE (Return on Equity)

- For the fiscal year ended March 2025, the gross profit margin improved by 1.0% as a result of reflecting cost-increasing factors such as procurement costs and labor costs to sales prices, and promoting improvements to production efficiency in the manufacturing division. As a result, each profit category increased, and ROE recovered from 2.8% to 4.0%.
- For the second quarter of the fiscal year ending March 31, 2026, the gross profit margin improved by 0.9% compared to the same period of the previous fiscal year. The Company will continue to focus on the steady implementation of these measures and the improvement of profits in the China business segment, and strive to restore earnings power.
- The Company also endeavors to appropriately control net asset levels through the consideration and implementation of dividends and share buybacks, aiming to enhance financial leverage.

2) Improvements to PER (Price-Earnings Ratio)

- PER remained at 15 times as of March 31, 2025, although in order to obtain the market's understanding with regard to its business and growth strategies, the Company reinforced its IR activities for institutional and individual investors.
  - i) Enhanced IR meetings with institutional investors, resumed financial results briefings for institutional investors
  - ii) Held corporate briefings for individual investors
- In addition, the Company is working to enhance shareholder returns and create an environment that makes it easier for individual investors to invest.
  - i) Stock splits (one-for-two stock split scheduled to be implemented as of the end of December 2025)
  - ii) Progressive dividends policy addition (scheduled to be implemented starting from the fiscal year 2025 year-end dividend)
  - iii) Expanded shareholder benefits (a record date of September 30, 2025)

3) Improvements to PBR (Price to Book Ratio)

- The PBR on March 31, 2025 stood at 0.6 times, and recently has held at roughly 0.7 times. However, the Company has been steadily carrying out the various initiatives in 1-2 above, and aims to achieve a PBR of 1.0 times or more as soon as possible.

4) Cash Allocation Plan

- The Company has prepared performance forecasts for fiscal year 2025 year-end for its cash allocation plan covering fiscal years 2024 through 2027.
- Although there have been some delays in development investment, the Company assesses that capital expenditures, ESG investments, and shareholder returns are generally progressing according to the plan.
- The Company will continue to actively consider investments for further growth while also flexibly reviewing and implementing enhanced shareholder returns, striving to efficiently manage its cash position.

For details, please see the attached materials.

## 2. Update on the Corporate Governance Report

In conjunction with this update on “Measures to Realize Management Conscious of Cost of Capital and Stock Price” the Company has updated its Corporate Governance Report as of today.

### Company Performance and Management Indicators

	3/2020	3/2021	3/2022	3/2023	3/2024	3/2025
Net sales (million yen)	35,905	29,782	32,545	34,974	39,212	40,017
Operating profit (million yen)	3,265	2,105	2,272	2,061	1,641	1,782
Basic earnings (million yen)	2,460	1,540	1,791	1,283	1,006	1,522
Equity ratio (%)	74.4	74.2	76.3	80.5	79.1	80.4
ROE (%)	8.0	4.9	5.6	3.8	2.8	4.0
Year-end share price (yen)	1,332	1,571	1,293	1,571	1,644	1,841
Net assets per share (yen)	2,136	2,198	2,401	2,610	2,780	3,024
PBR (times)	0.6	0.7	0.5	0.6	0.6	0.6
Dividends per share (yen)	52	52	*57	57	60	68
Dividend payout ratio (%)	31.2	49.0	44.8	60.0	79.9	58.6

(\* Includes a 5 yen commemorative dividend for the Company’s 70th anniversary)

End



# **Measures to Realize Management Conscious of Cost of Capital and Stock Price**

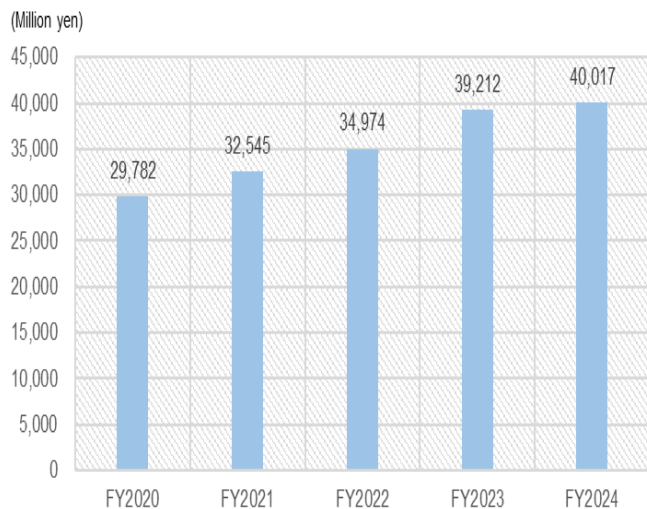
**(Updated November 2025)**

Ohashi Technica, Inc.

November 28, 2025

# 1. Current Situation Analysis (1)

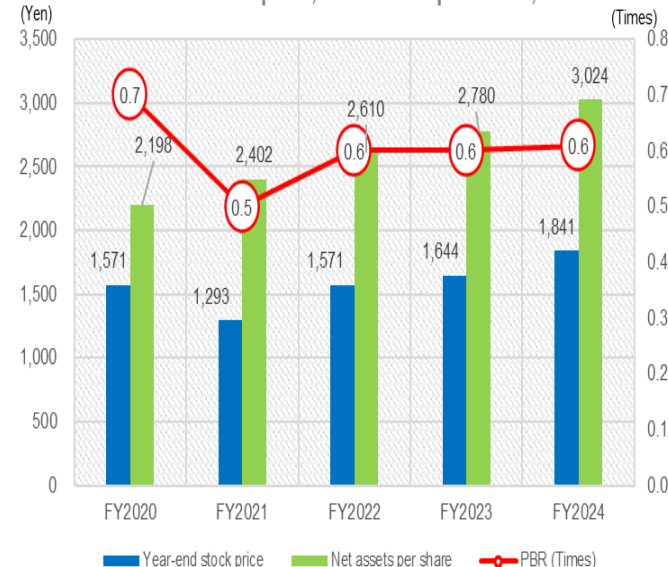
Net sales



Operating profit, Net profit, ROE



Year-end stock price, Net assets per share, PBR



## Current Analysis of Capital Profitability and Stock Price

- ① Following a significant decrease in sales and profit in FY2020 amid the COVID-19 pandemic, net sales have trended toward recovery, aided by yen depreciation in currency conversions.
- ② Operating profit declined until FY2023 due to soaring raw material and procurement costs, rising labor costs, and a significant drop in revenue from the China business. In FY2024, profit growth resumed, owing to progress in sales price revisions and recovery productivity of manufacturing division.
- ③ ROE declined from 8.0% in FY2019 to 2.8% in FY2023 in line with lower profit levels, but recovered to 4.0% in FY2024.
- ④ Although stock price has trended upward since the disclosure of the plan in November 2024, amid lingering uncertainty surrounding the automotive industry as a whole, the market's assessment of our growth strategy remains insufficient, resulting in limited stock price gains. (March 31, 2025: 1,841 yen; September 30, 2025: 2,180 yen)
- ⑤ FY2024 PBR held at 0.6 times, reflecting ROE: 4.0%; PER: 15 times. (ROE 4% X PER 15 times → PBR 0.6 times)

# 1. Current Situation Analysis (2)

➤ **PBR (Price Book-value Ratio) = (1) ROE (Return on Equity) X (2) PER (Price Earnings Ratio)**

(1) <b>ROE</b>		<b>ROA</b>				<b>Financial Leverage</b>	
ROE		Net Profit Margin (%)		Total Asset Turnover (Times)		Financial Leverage (Times)	
FY2019		Net profit	2,460	Net sales	35,905	Total assets	42,154
		Net sales	35,905	Total assets	42,154	Net assets	30,629
FY2020		Net profit	1,540	Net sales	29,782	Total assets	42,249
		Net sales	29,782	Total assets	42,249	Net assets	31,383
FY2021		Net profit	1,791	Net sales	32,545	Total assets	42,745
		Net sales	32,545	Total assets	42,745	Net assets	32,163
FY2022		Net profit	1,283	Net sales	34,974	Total assets	43,501
		Net sales	34,974	Total assets	43,501	Net assets	34,100
FY2023		Net profit	1,006	Net sales	39,212	Total assets	46,522
		Net sales	39,212	Total assets	46,522	Net assets	37,260
FY2024		Net profit	1,522	Net sales	40,017	Total assets	48,683
		Net sales	40,017	Total assets	48,683	Net assets	39,653

Profitability recovery underway

Signs of improvement, but sales growth has not kept pace with increase in total capital (total assets) ⇒ “Asset efficiency improvement” is necessary

Equity ratio is high, and net assets continue to increase ⇒ “Financial leverage under used”

\*Based on CAPM

⇒ ROE trending toward recovery, but a **negative ROE spread (ROE – Cost of capital)** of approx. 4% is occurring relative to the Company’s cost of capital (approx. 8% (WACC\*)) ⇒ **The Company is currently failing to generate enough corporate value commensurate with its cost of capital.**

(2) **PER** = **Stock price** ÷ **Basic earnings per share**

⇒ The market has yet to sufficiently assess the Company’s growth potential, with PER for the current fiscal year forecast to be held at 13.7 times (September 30 stock price, based on current FY performance forecast).

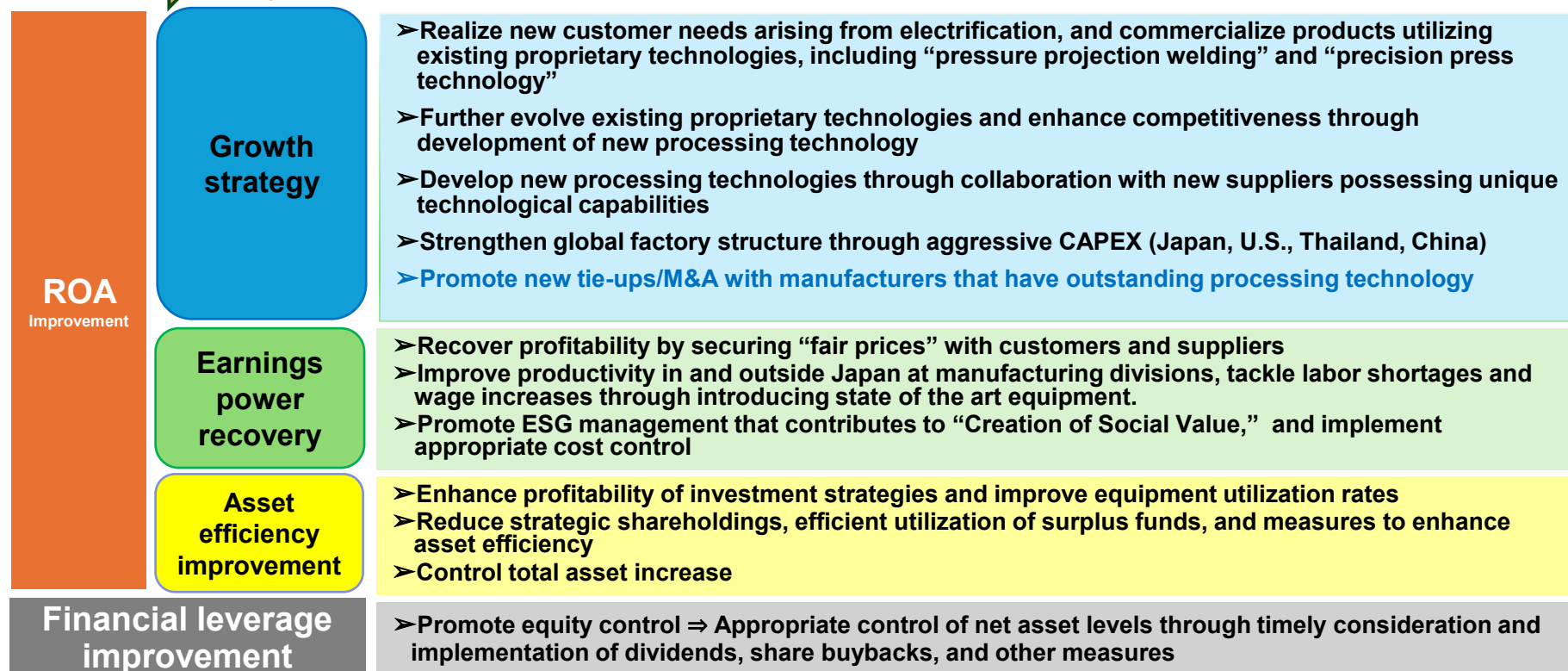
The Company is striving to strengthen IR activities to enhance market recognition of its business and growth strategies, while continuing to restore profitability.

## 2. Measures to Improve Return on Capital, Market Assessments (1)

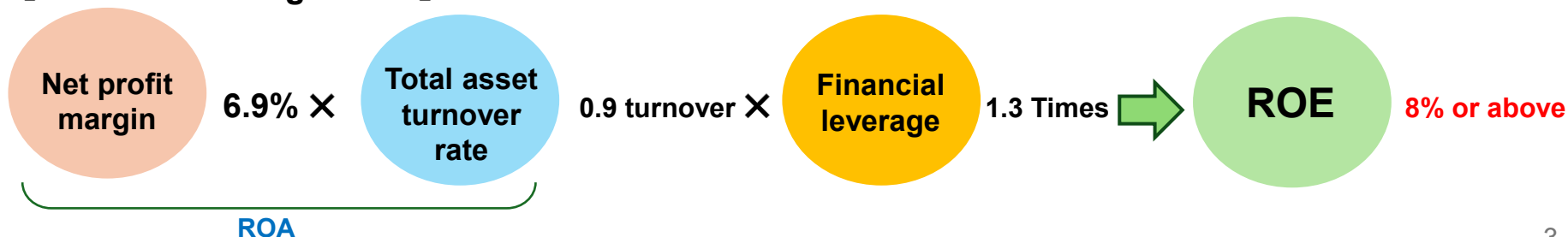
### (1) Measures to improve ROE

➤ Goal: An 8% early recovery (goal set for Medium-Term Business Plan Mission 2025 + 2)

➡ Early realization of ROE that exceeds **cost of capital (approx. 8%)**

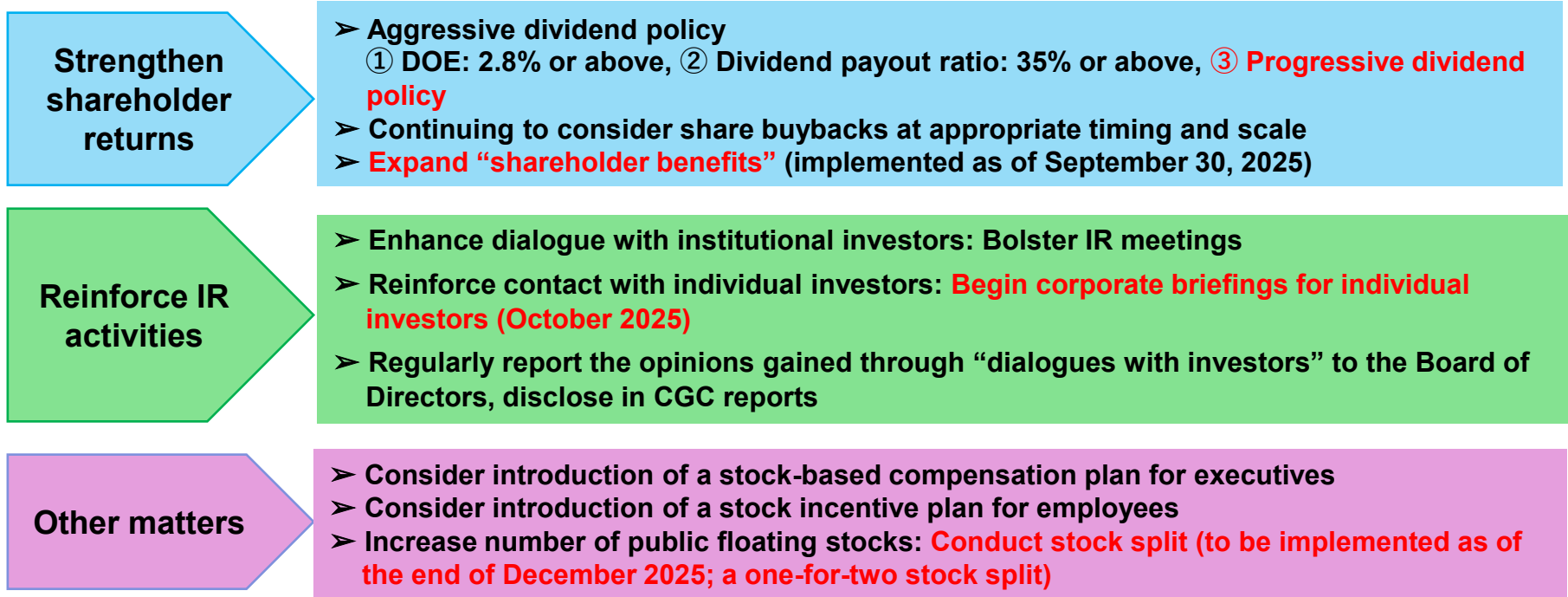


**[FY2027 End Target level]**



## 2. Measures to Improve Return on Capital, Market Assessments (2)

### (2) Measures to Improve PER



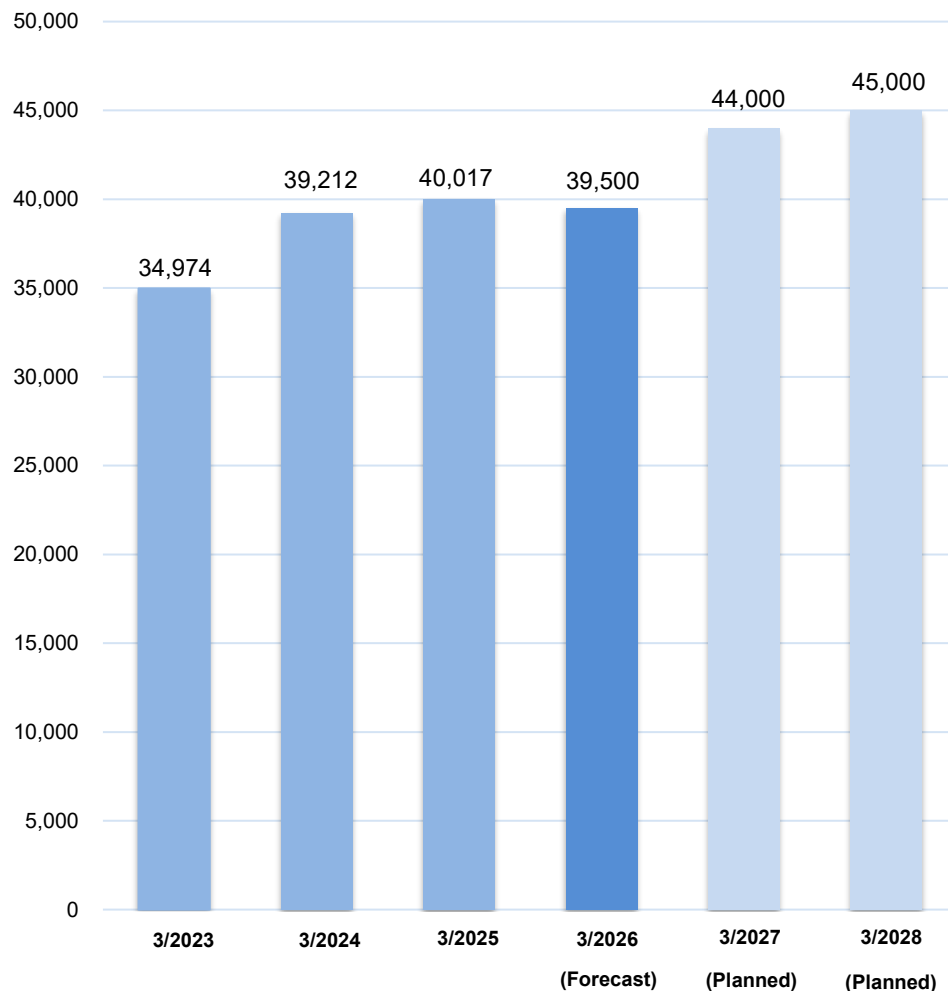
**Aiming to quickly realize a PBR of 1.0 times by steadily undertaking measures to improve ROE and proactive measures to enhance PER**



### 3. Performance Trends and Plans During Medium-Term Business Plan: Mission 2025 + 2

**Net sales**

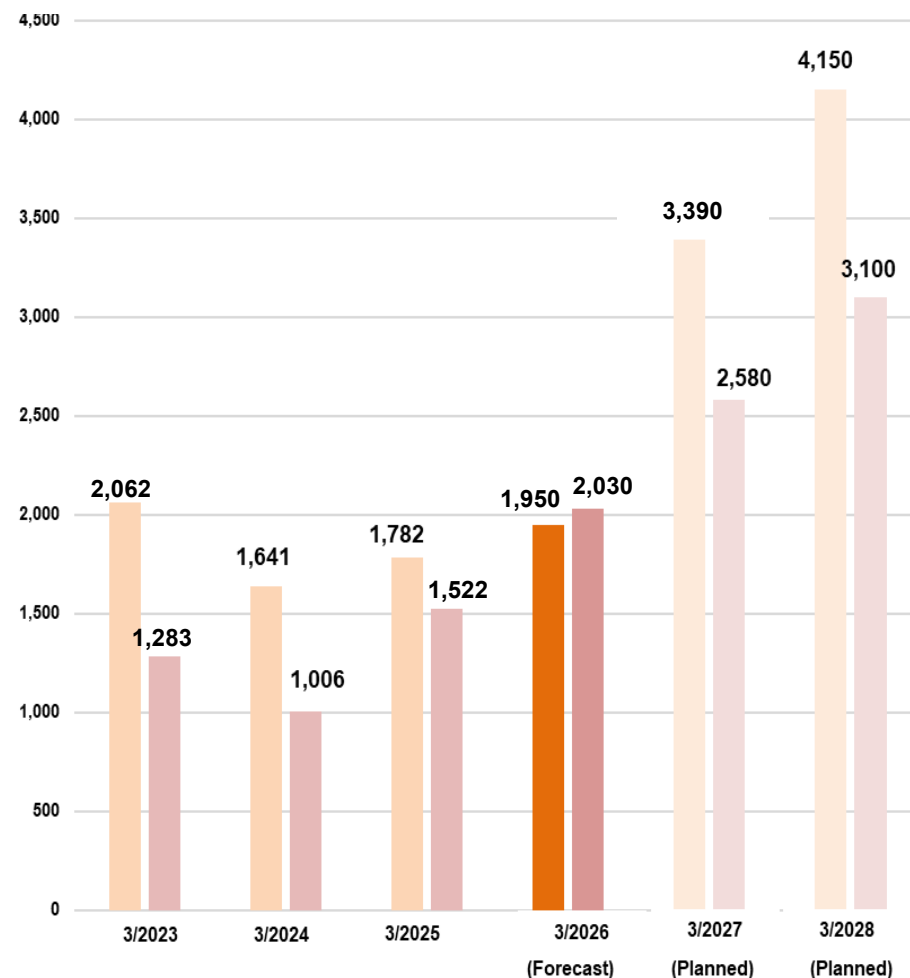
(Unit: Million yen)



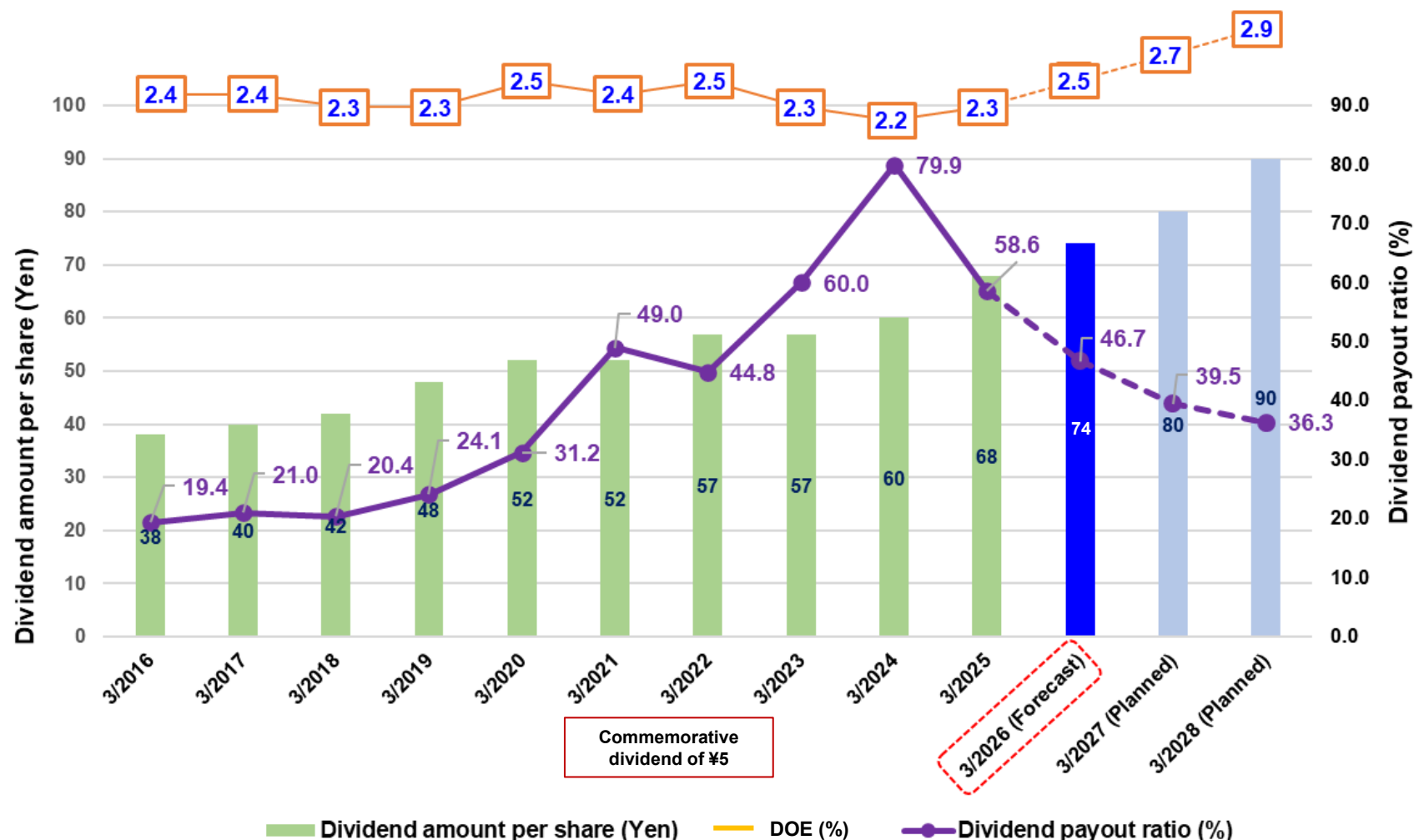
**Operating profit, Net Profit attributable to owners of parent company**

■ Operating profit ■ Net Profit attributable to owners of parent company

(Unit: Million yen)

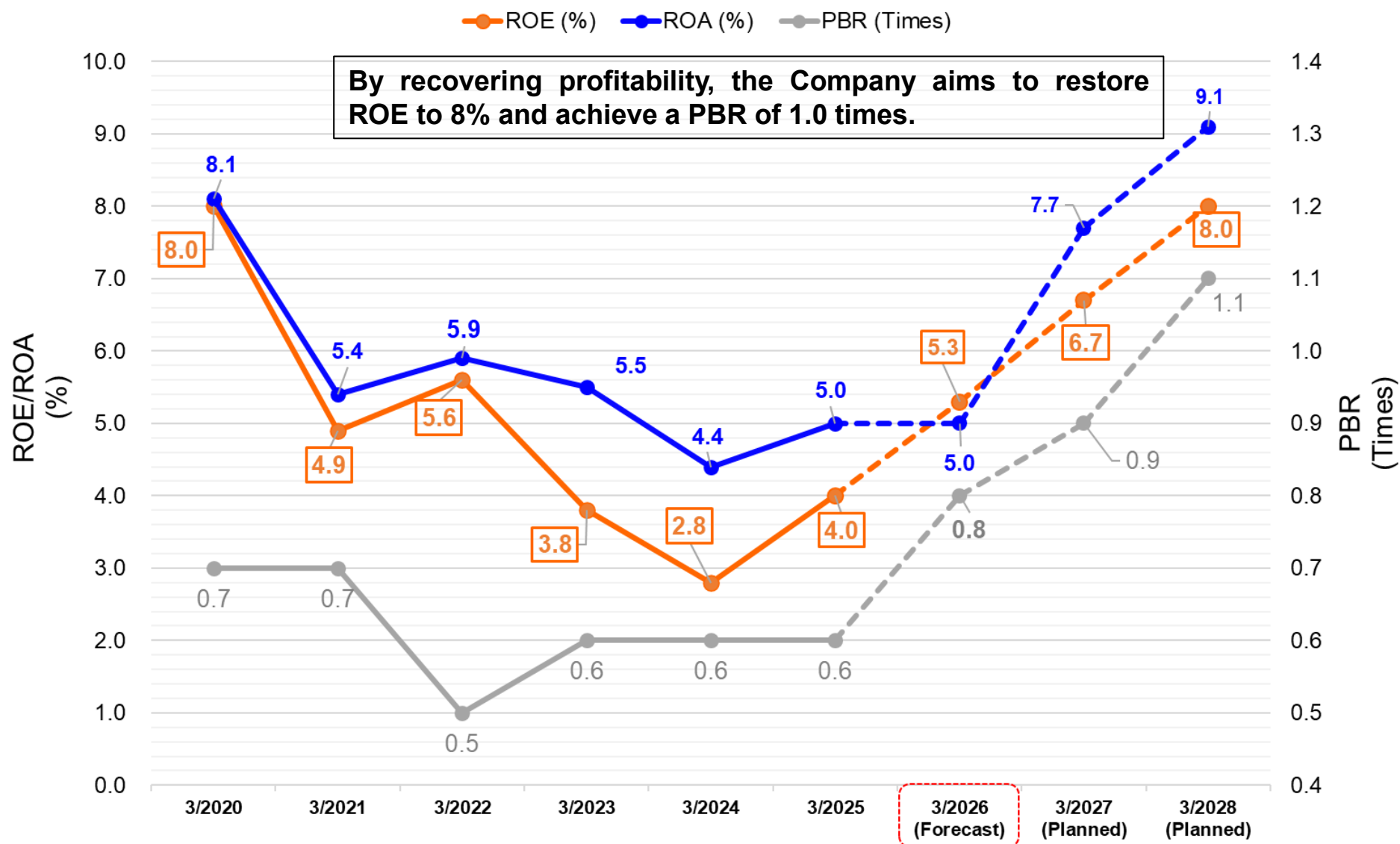


## 4. Shareholder Returns, Indicator Trends and Plans



Over the past 11 years, the Company has strived to steadily increase dividends. Going forward, alongside the recovery of earnings power, the Company will consider sustainable dividend increases based on a progressive dividend policy and timely and appropriate share buybacks, endeavoring to enhance shareholder returns.

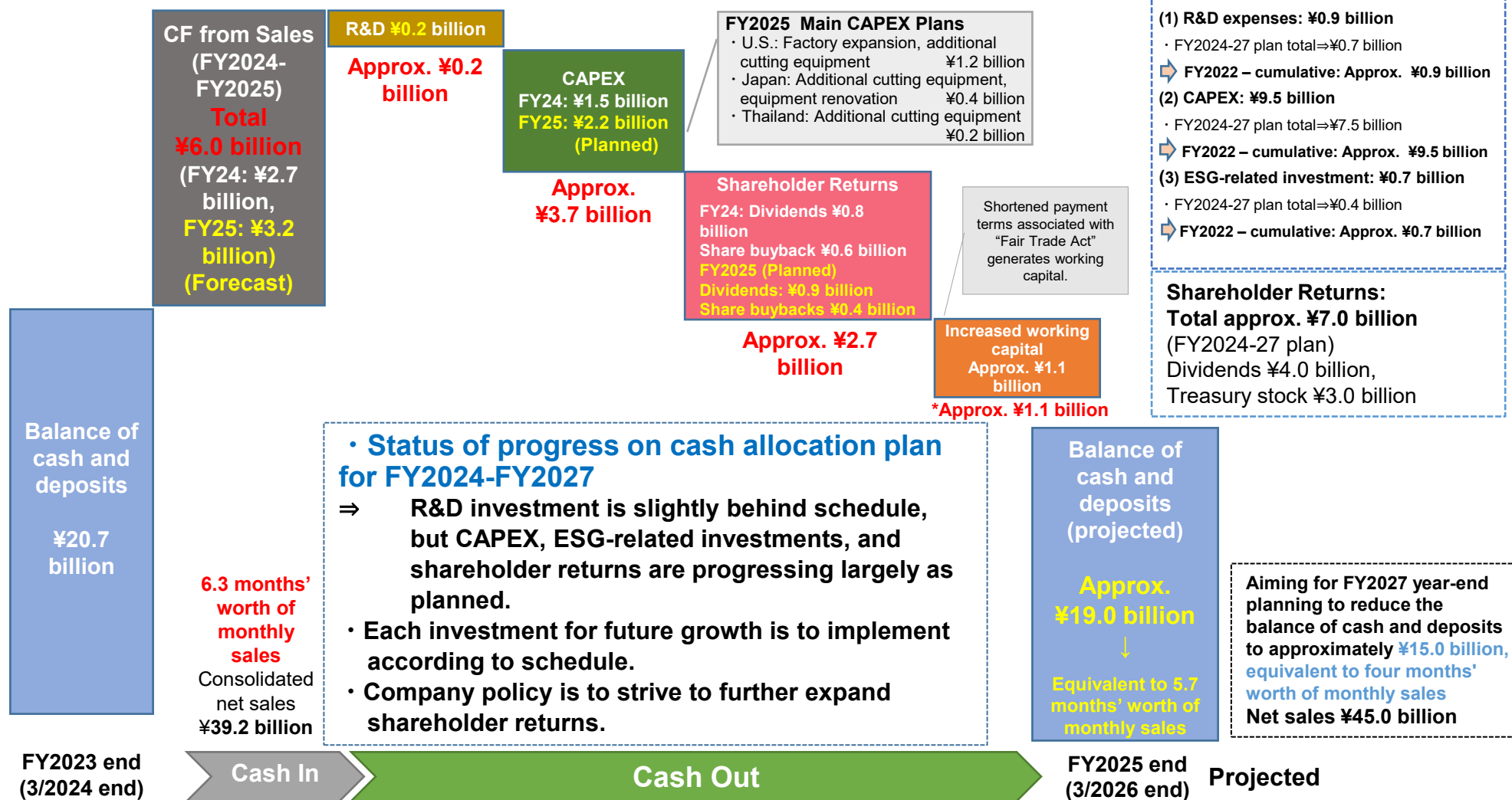
## 5. Management Indicator Trends and Plans



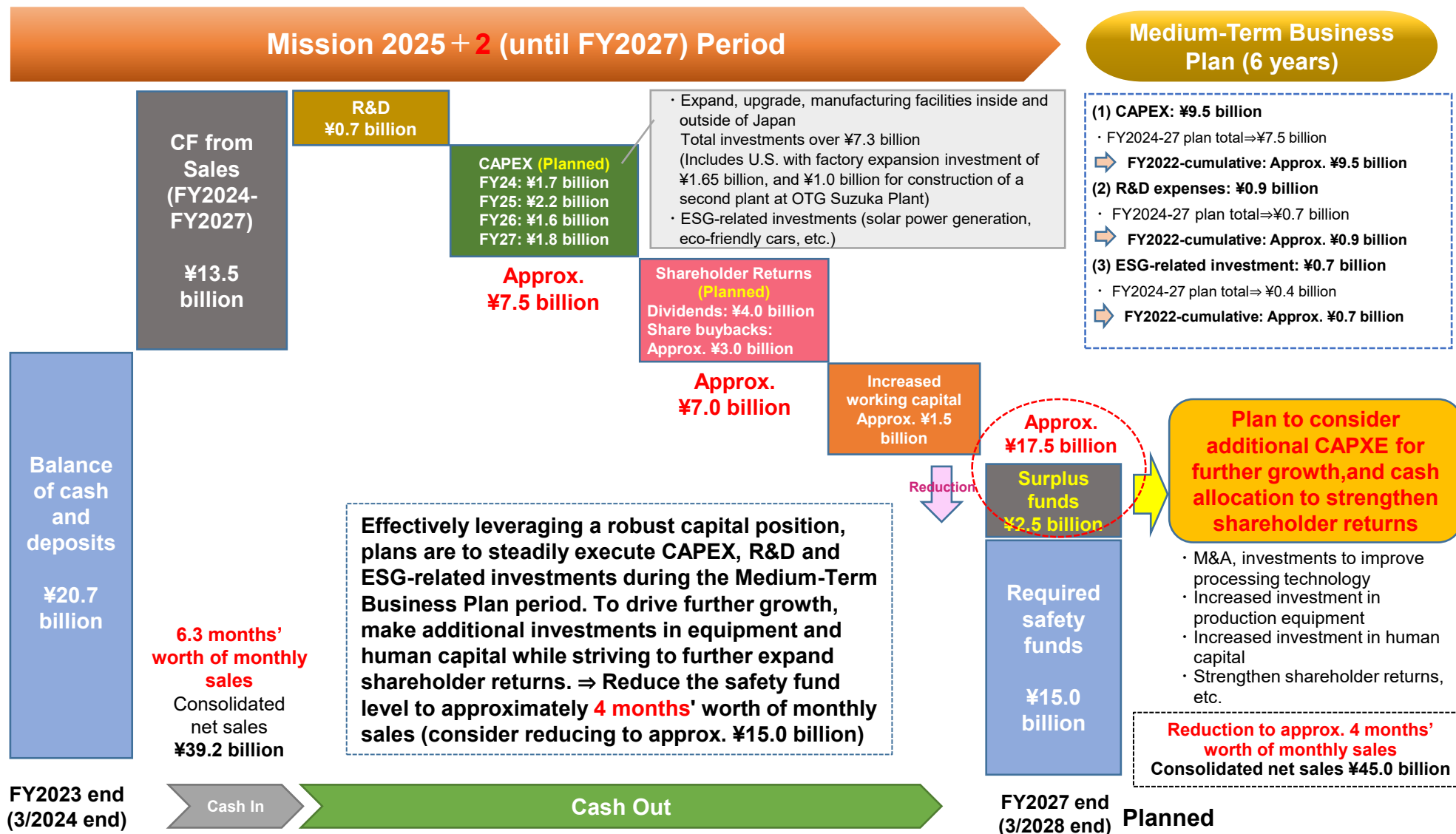
## 6. Cash Allocation Trends (FY2024-FY2025 Cumulative Forecast)

### FY2024-FY2025 (Two-Year Projection)

### Medium-Term Business Plan (6 years)



# (Reference) Cash Allocation Plan, Mission 2025+2, FY2024-FY2027 (Announced November 2024)



**The target values and planned values in this document are not performance forecasts.**

**Furthermore, all statements in this document are based on the Company's judgment using currently available information, but they include known and unknown risks and uncertainties.**

**Please be aware that actual results may differ significantly from these statements due to changes in various factors.**

Ohashi Technica, Inc.