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December 9, 2025

To whom it may concern

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Measures to realize the management that takes capital costs and stock prices into consideration (Update)

SENSHU ELECTRIC CO.,LTD. (the "Company") hereby announces that, at the meeting of the Board of Directors held on December 9, 2025, the Company has conducted an updated analysis of our current situation regarding measures to realize the management that takes capital costs and stock prices into consideration, and has resolved on future initiatives.

1. Targets set in the Medium-term management plan

In the Medium-term management plan for Fiscal Year of October 2025 to October 2027 announced on December 9, 2024, we set the following targets.

- (a) ROE: More than 15%
- (b) Dividend payout ratio: More than 35%
- (c) Total shareholder return ratio: More than 50%
- (d) PBR: More than 2.0 times

2. Current Evaluation

- (a) ROE (Fiscal year of October 2025: 11.8%)

We have achieved an ROE that exceeds our internally calculated cost of capital (recognized at 8% to 10%) although our ROE target of more than 15% has not been achieved.

- (b) Dividend payout ratio (Fiscal year of October 2025: 38.7%) and shareholder return ratio (Fiscal year of October 2025: 58.4%)

The dividend payout ratio and shareholder return ratio exceeded the targets as a result of actively returning profits to shareholders: dividend increase for 12 consecutive years; and cumulative purchase of treasury shares of 2.73 million shares for a total of 8.7 billion yen.

- (c) PBR (Stock price: 4,525 yen, PBR: 1.33 times, as of October 31, 2025)

Our PBR has continued to remain above 1.0 times although we have not yet reached our target.

	10/2017	10/2018	10/2019	10/2020	10/2021	10/2022	10/2023	10/2024	10/2025
Net Sales (million yen)	74,956	82,038	83,676	74,288	92,463	113,633	124,967	136,153	135,591
Operating profit (million yen)	3,202	3,868	3,979	3,124	4,743	7,464	8,366	10,349	8,952
Ordinary profit (million yen)	3,455	4,105	4,206	3,382	5,004	7,894	8,770	10,761	9,272
Profit attributable to owners of parent (million yen)	2,289	2,371	2,714	2,351	3,583	5,314	5,920	7,578	6,717
Operating Profit Margin	4.3%	4.7%	4.8%	4.2%	5.1%	6.6%	6.7%	7.6%	6.6%
Equity ratio	58.0%	56.8%	57.7%	59.8%	50.9%	48.4%	49.7%	49.1%	52.7%
ROE	6.4%	6.3%	7.0%	5.9%	8.6%	12.0%	12.3%	14.4%	11.8%
End of period stock	1,255 yen	1,304 yen	1,425 yen	1,446 yen	2,382 yen	2,696 yen	3,085 yen	5,130 yen	4,525 yen
Net assets per share*	1,830.83 yen	1,921.82 yen	2,047.40 yen	2,147.90 yen	2,342.59 yen	2,578.24 yen	2,843.95 yen	3,165.42 yen	3,407.21 yen
PBR	0.69	0.68	0.70	0.67	1.02	1.05	1.08	1.62	1.33
Annual dividend	45 yen	55 yen	70 yen	70 yen	90 yen	140 yen	110 yen	130 yen	150 yen
Dividend payout ratio	19.9%	23.3%	25.3%	28.3%	23.2%	23.8%	33.0%	30.1%	38.7%
Total shareholder return	19.9%	43.1%	55.4%	70.7%	50.9%	43.0%	45.3%	48.0%	58.4%

Listed on the First Section of the Tokyo Stock Exchange in November 2017

Listed on the Tokyo Stock Exchange Prime Market in April 2022

* As a result of a stock split at a ratio of 2 for every common share conducted on November 1, 2022, the end of period stock price and net assets per share figures prior to Fiscal year of October 2021 are shown at 1/2.

3. Future Initiatives

(1) Further improve profitability [ROE]

With an aim to improvement of profitability, we will work on the following items to improve our corporate value.

(a) We will conduct our business activities with a renewed consciousness of the purpose of our group.

Purpose of Senshu Electric Group

“To responsibly supply important products for infrastructure required for the society”

(b) We will invest the management resources in securing personnel and developing human resources to further growth of our employees.

(c) We will expand our office and/or warehouse to meet the diverse needs of our customers.

(d) We will utilize M&A and other means to expand our business fields and activities.

(e) We will promote the digital transformation to conduct the management more efficiently.

(2) Enrich shareholder returns [dividend payout ratio, total shareholder return ratio]

Returning the profit to shareholders is one of the most important management issues. Our basic policy is to maintain stable dividends, and we will strive to improve the shareholder returns by comprehensively evaluating our business performance and retained earnings.

(3) Strengthen IR (investor) and SR (shareholder) activities [PBR]

We will be actively conducting IR activities to increase the number of people who want to invest in our company.

We will also focus on SR activities to ensure that existing shareholders receive solid shareholder returns and hold their shares for a long time.

(4) Raise awareness of stock prices among officers and employees [PBR]

To promote management that is more conscious of the company's stock price, stock options (share acquisition rights) are granted to directors and employees. In addition, a portion of directors' compensation is provided in the form of restricted stock.

Furthermore, the company plans to issue restricted stock to employees through the Employee Shareholding Association.