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Update on Cost of Capital and Stock Price–Conscious Management Initiatives

June 19, 2026

COSEL CO., LTD.

TSE Prime Market 6905

Basic Approach to Enhancing Corporate Value

Aim to maintain a state where ROE consistently exceeds the cost of capital
11th Medium-Term Plan prioritizes earnings recovery, and in the 12th we aim to ROE8% or higher to stably exceed the cost of capital

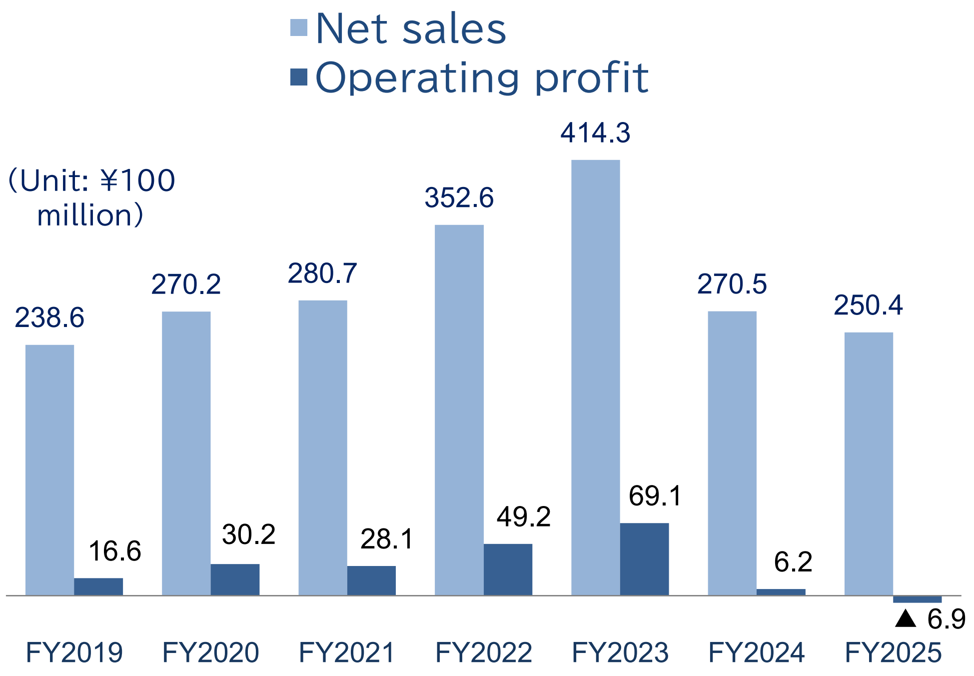
Balancing effective growth investment with proactive shareholder returns

Valuing dialogue with shareholders and investors, and strengthening IR activities

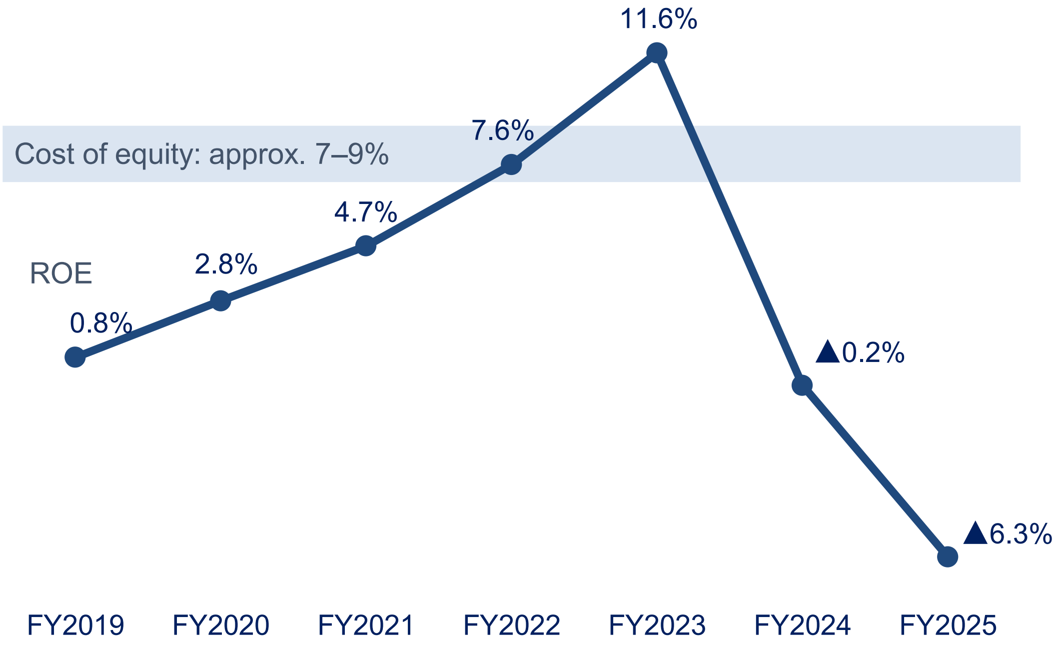
Current Analysis 1: Trends in Earnings, ROE, and Cost of Equity

- FY2024: orders declined and earnings deteriorated due to the reaction to the prior year and prolonged customer inventory adjustments
- FY2025: earnings deteriorated due to prolonged customer inventory adjustments and losses from subsidiary liquidation
- ROE exceeded the cost of equity in FY2022 and FY2023, but fell significantly below in FY2024 and FY2025 due to deteriorating earnings

Earnings trend



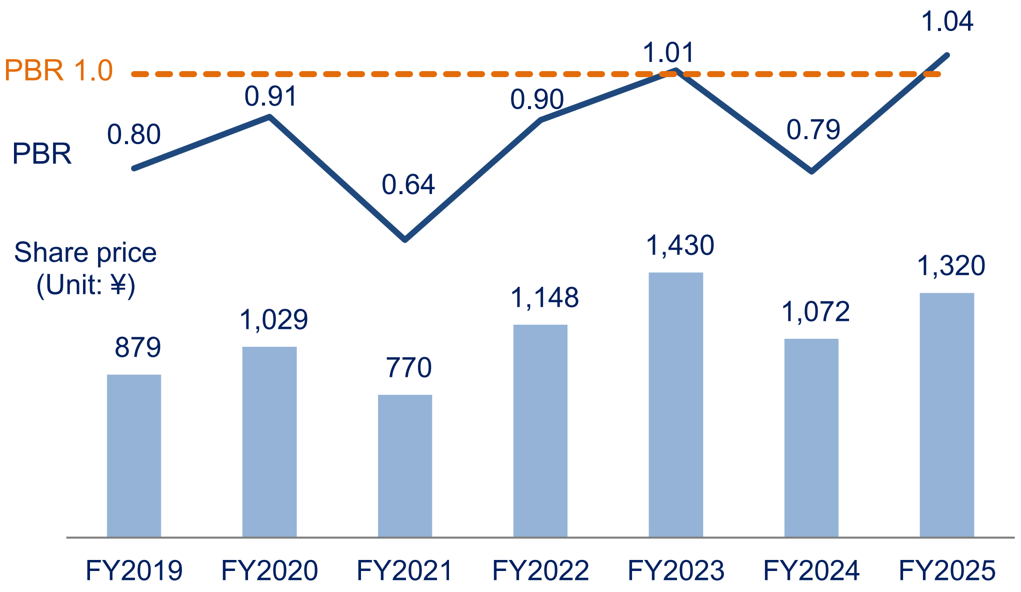
ROE and Cost of Equity



Current Analysis 2: PBR Analysis

- By decomposing PBR into ROE and PER and looking at the 5-year average, PER, which reflects investor expectations, is maintained at a steady level, while ROE, which indicates capital profitability, has not reached the level expected by the market
- In FY2025, PBR rose above 1.0, but improving ROE is essential for sustainable enhancement of corporate value

PBR and Share Price Trend



PBR Analysis

* PBR, ROE, and PER are the FY2019-FY2023 5-year averages
(FY2024 and FY2025 are excluded from the analysis due to recorded losses)

PBR
0.9

ROE
5.5%

PER
33.8

Current Analysis 3: Opinions from Shareholders and Investors

We have received a range of opinions from shareholders and investors regarding initiatives to enhance corporate value

■ Key opinions raised through dialogue with shareholders and investors

	Key opinions	Response policy
Share-price & shareholder returns	• After indicating the optimal cash level, the company should clarify its cash allocation for surplus funds, including dividends and M&A investment • The purpose, plan, and effects of growth investment should be made transparent • ROE is expected to be 8% or higher	・Maintain a sound financial base, while carrying out growth investment, business-base strengthening investment, and shareholder returns ・Aim for ROE8% or higher over the medium to long term
IR & information disclosure	• Strengthen dialogue with investors and promote understanding of our growth strategy and initiatives to enhance corporate value • Have a growth strategy that inspires confidence in the future and communicate it appropriately to the market	・Strengthen dialogue with investors and promote understanding of management strategy ・Clarify the medium-to-long-term growth strategy and communicate it continuously

Future Initiative Policy Based on Current Analysis

1. Capital-Efficiency-Focused Cash Allocation

2. Promotion of Growth Investment

3. Strengthening Shareholder Returns

4. Strengthening Dialogue with Shareholders and Investors

Initiative 1 Capital-Efficiency-Focused Cash Allocation

COSEL

While maintaining financial discipline, advance growth investment, business-foundation-strengthening investment, and shareholder returns

Funding Source

Cash on Hand
+
Operating Cash Flow
3-Year Cumulative (FY2026–2028)

Approx. ¥30.0 billion

① Growth Investment
- M&A & alliances
- New businesses & new market development

② Business Base Investment
- Production capacity expansion
- DX/IT investment

③ Shareholder Returns
- DOE4.5% floor, progressive dividend
- Stable and continuous returns

Financial Discipline & Capital Policy
・Maintain a sound financial base
・Secure the liquidity on hand needed for business continuity
・Pursue agile financing in line with growth opportunities

Initiative 2: Growth Investment Aimed at Improving ROE

To improve capital efficiency, we will promote investments that lead to future growth

Through growth investment, we will strengthen the business's cash-generating capability and build a sustainable growth cycle

Growth investment

Growth fields identified as key strategies in the 11th Medium-Term Plan
(semiconductor manufacturing equipment-related + renewable energy-related)

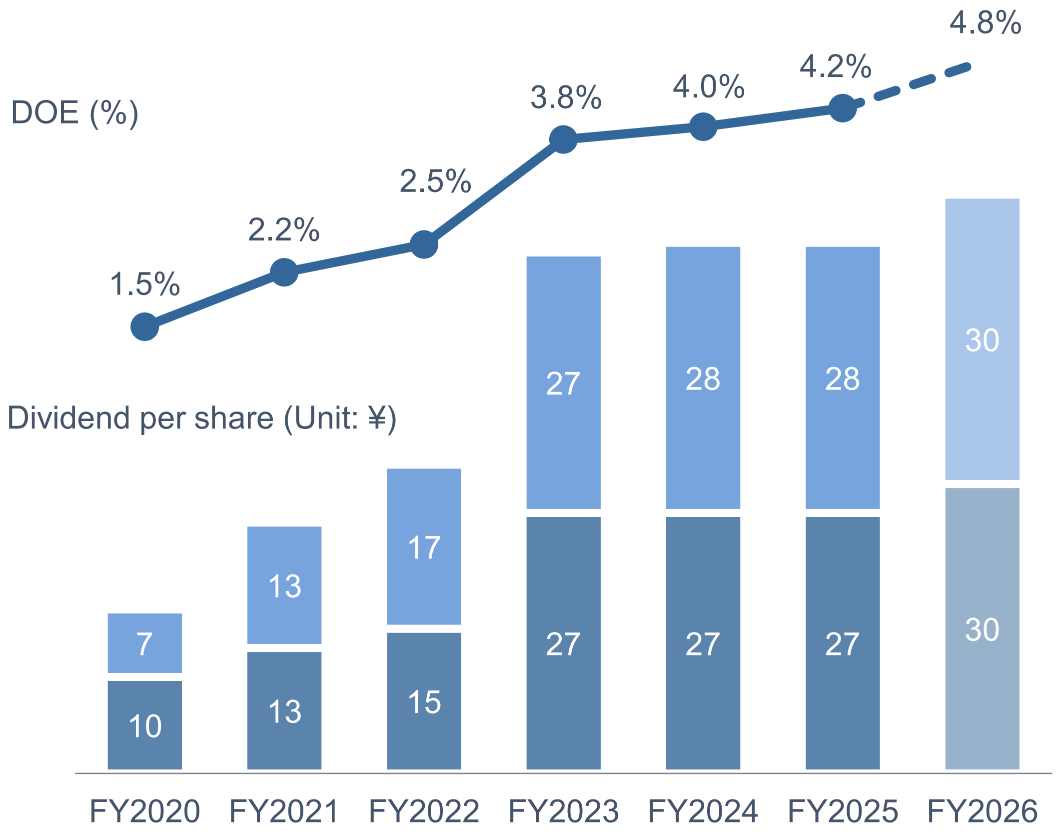
- M&A and alliances
- New businesses and new market development

Business-base strengthening investment

- Production capacity expansion
- Expansion and renovation of the head office plant
- Expansion of new products and faster development
- IT and DX investment
- Human resource development and workplace environment
- Carbon neutrality

Initiative 3: Strengthening Shareholder Returns

Dividend on equity (DOE) 4.5% as our basic policy of a progressive dividend with this level as the lower limit, provide a continuous and stable distribution of surplus, and aim to curb the cost of capital by enhancing trust from the capital markets



Dividend policy

- Provide continuous and stable dividends DOE 4.5% or higher
- Progressive dividend (a dividend policy of, in principle, not cutting the dividend but maintaining or increasing it)
- Flexible shareholder returns aimed at improving capital efficiency, while balancing them against future investment for growth

Dividend results and forecast (per share)

FY2025 (Actual)
Interim ¥27 + Year-end ¥28: Full-year ¥55

FY2026 (Forecast)
Interim ¥30 + Year-end ¥30: full-year ¥60

From FY2026, the dividend policy (DOE level) is changed
Before: DOE 3.5% → After: DOE **4.5%**

Initiative 4: Strengthening Dialogue with Shareholders and Investors

- We will feed the content of dialogue with shareholders and investors back into management and enhance the related disclosures
- Management and the Board of Directors will be proactively and actively involved in dialogue, strengthening IR activities

  Aim to reduce investment risk and lower the cost of capital

Building a system to feed back into management

- Internal feedback from constructive dialogue and its incorporation into management
- Enhanced disclosure on dialogue content, implementation status, and outcomes

IR activities

- Proactive and active involvement of management and the Board of Directors in dialogue
- IR tools enhancement
  (IR website, earnings presentation materials (Japanese/English), timely disclosure, etc.)
- Strengthening meetings with investors and holding briefings for individual investors

FY2025 results

- Institutional investor meetings: 88
- IR website renewal: February 2026

Cautionary Note Regarding Forward-Looking Statements

The forward-looking statements in this material, such as earnings forecasts, are based on information currently available to the Company and on certain assumptions judged to be reasonable; they are not a guarantee by the Company of their achievement. Actual results may differ materially due to various factors.