Document 1-
Appendix 4

# 2025 Case Studies (Prime Market)

Tokyo Stock Exchange, Inc.

December 26, 2025 3rd edition

JPX
JAPAN EXCHANGE GROUP

This document is intended as a reference for listed companies that are considering taking action to implement management that is conscious of cost of capital and stock price, and also as a reference for future updates for listed companies that have already made disclosures. **This report is based on interviews with many investors in Japan and overseas, and compiles examples of Prime Market-listed companies' measures investors deemed as fulfilling the expectations they have for corporations.**

Note: The examples in this document are provided solely for informational purposes as a reference for listed companies that are considering action to implement management that is conscious of cost of capital and stock price, and are not intended as a solicitation for investment in any stock or for any other purpose.

# Index - Ⅰ． TOPIX Core30 & TOPIX Large70

| # | Page Number | Code | Name | Sector | 2024 Case Studies Inclusion Status | Key Points | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | I. Analysis and Evaluation of Current Situation | | | II. Consideration and Disclosure of Initiatives | | | | | III. Dialogue and Updates | | | |
| | | | | | | ① Considering the cost of capital/equity in regard to the investor's perspective | ② Multifaceted analysis and evaluation based on the investor's perspective | ③ Inspection of balance sheets to ensure their efficacy | ① Setting goals based on the expectations of shareholders and investors | ② Implementing fundamental initiatives with an awareness of the appropriate allocation of management resources | ③ Being aware of the need to reduce cost of capital | ④ Aligning the perspectives of management and employees on enhancing corporate value in the medium to long term | ⑤ Explanation of efforts in relation to medium- to long-term goals | ① Proactive involvement of management and board | ② Taking a tailored approach to shareholders and investors | ③ Disclosure of dialogue and further dialogue and engagement | ④ Revision of goals and initiatives on an ongoing basis |
| 1 | Page 5 | 6503 | Mitsubishi Electric Corporation | Electric Appliances | | | | | | ● | | | ● | | | | ● |
| 2 | Page 8 | 6762 | TDK Corporation | Electric Appliances | | | | | | ● | | | | ● | | ● | ● |
| 3 | Page 11 | 8750 | Dai-ichi Life Holdings,Inc. | Insurance | | | ● | | ● | ● | ● | | | | | | ● |
| | | | (Reference) Number of companies introduced per point | | | 0 | 1 | 0 | 1 | 3 | 1 | 0 | 1 | 1 | 0 | 1 | 3 |

# Index -Ⅱ．TOPIX Mid 400

| # | Page Number | Code | Name | Sector | 2024 Case Studies Inclusion Status | Key Points | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | I. Analysis and Evaluation of Current Situation | | | II. Consideration and Disclosure of Initiatives | | | | | III. Dialogue and Updates | | | |
| | | | | | | ① Considering the cost of capital/equity in regard to the investor's perspective | ② Multifaceted analysis and evaluation based on the investor's perspective | ③ Inspection of balance sheets to ensure their efficacy | ① Setting goals based on the expectations of shareholders and investors | ② Implementing fundamental initiatives with an awareness of the appropriate allocation of management resources | ③ Being aware of the need to reduce cost of capital | ④ Aligning the perspectives of management and employees on enhancing corporate value in the medium to long term | ⑤ Explanation of efforts in relation to medium- to long-term goals | ① Proactive involvement of management and board | ② Taking a tailored approach to shareholders and investors | ③ Disclosure of dialogue and further dialogue and engagement | ④ Revision of goals and initiatives on an ongoing basis |
| 4 | Page 14 | 4183 | Mitsui Chemicals,Inc. | Chemicals | ✓ | | ● | | | ● | | ● | ● | | | | ● |
| 5 | Page 17 | 6481 | THK CO.,LTD. | Machinery | | | | ● | | ● | | | ● | | | | |
| 6 | Page 20 | 6925 | USHIO INC. | Electric Appliances | | | | | | ● | | | | | | ● | ● |
| 7 | Page 24 | 7186 | Yokohama Financial Group,Inc. | Banks | ✓ | | ● | | ● | | ● | | ● | | | ● | ● |
| 8 | Page 28 | 7259 | AISIN CORPORATION | Transportation Equipment | ✓ | | | | | ● | | ● | | | | ● | ● |
| 9 | Page 32 | 9024 | SEIBU HOLDINGS INC. | Land Transportation | ✓ | | | | | ● | | | | | | | |
| 10 | Page 34 | 9065 | SANKYU INC. | Land Transportation | | | | ● | | ● | | | | ● | | | ● |
| 11 | Page 37 | 9147 | NIPPON EXPRESS HOLDINGS,INC. | Land Transportation | | | ● | | | ● | | | | | | | ● |
| 12 | Page 41 | 9508 | Kyushu Electric Power Company,Incorporated | Electric Power and Gas | | | | | | | | ● | ● | ● | | | |
| | | | (Reference) Number of companies introduced per point | | | 0 | 3 | 2 | 1 | 7 | 1 | 3 | 4 | 2 | 0 | 3 | 6 |

# Index –Ⅲ. TOPIX Small

| # | Page Number | Code | Name | Sector | 2024 Case Studies Inclusion Status | Key Points: I. Analysis and Evaluation of Current Situation ① Considering the cost of capital/equity in regard to the investor's perspective | I. ② Multifaceted analysis and evaluation based on the investor's perspective | I. ③ Inspection of balance sheets to ensure their efficacy | II. Consideration and Disclosure of Initiatives ① Setting goals based on the expectations of shareholders and investors | II. ② Implementing fundamental initiatives with an awareness of the appropriate allocation of management resources | II. ③ Being aware of the need to reduce cost of capital | II. ④ Aligning the perspectives of management and employees on enhancing corporate value in the medium to long term | II. ⑤ Explanation of efforts in relation to medium- to long-term goals | III. Dialogue and Updates ① Proactive involvement of management and board | III. ② Taking a tailored approach to shareholders and investors | III. ③ Disclosure of dialogue and further dialogue and engagement | III. ④ Revision of goals and initiatives on an ongoing basis |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 13 | Page 46 | 1885 | TOA CORPORATION | Construction | ✓ | | ● | | ● | ● | | | | ● | ● | ● | ● |
| 14 | Page 50 | 3139 | Lacto Japan Co.,Ltd. | Wholesale Trade | | | | | ● | | | ● | ● | | | ● | |
| 15 | Page 53 | 5482 | AICHI STEEL CORPORATION | Iron and Steel | | | ● | | ● | ● | | | | | | | ● |
| 16 | Page 56 | 6745 | HOCHIKI CORPORATION | Electric Appliances | | | | | | ● | | | | | | | ● |
| 17 | Page 58 | 7972 | ITOKI CORPORATION | Other Products | | | | | | ● | | | ● | | | | ● |
| 18 | Page 61 | 7981 | TAKARA STANDARD CO.,LTD. | Other Products | | | | ● | ● | ● | | | ● | | | ● | ● |
| 19 | Page 64 | 8011 | SANYO SHOKAI LTD. | Textiles and Apparels | ✓ | | | | | ● | | ● | ● | ● | | ● | ● |
| 20 | Page 67 | 8084 | RYODEN CORPORATION | Wholesale Trade | | | | | | ● | | | ● | | | | ● |
| 21 | Page 70 | 8219 | AOYAMA TRADING Co.,Ltd. | Retail Trade | | | ● | ● | | ● | | | | | | | ● |
| | | | (Reference) Number of companies introduced per point | | | 0 | 3 | 2 | 4 | 8 | 0 | 2 | 5 | 2 | 1 | 4 | 8 |

Ⅰ. TOPIX Core30、TOPIX Large70

Ⅱ. TOPIX Mid400

Ⅲ. TOPIX Small

# Case 1 Mitsubishi Electric（6503）(i)

## Published Nov. 2024

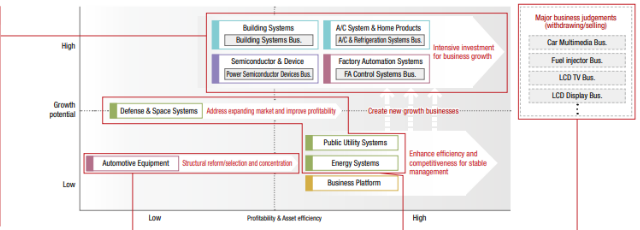
### Business Portfolio Strategy

We conducted a review of our business portfolio to clarify the direction for each sub-segment from the perspectives of growth potential, profitability, and asset efficiency with a priority on promoting management focused on ROIC and investment in key growth businesses.

**Boost Investment in Key Growth Businesses**

We are boosting growth investment in key growth businesses by enhancing production systems and M&A.

For example, in the power semiconductor devices business, we are strengthening the foundation for growth driven by silicon carbide (SiC), which is a strength of the Group. We have invested in the US firm Coherent's SiC business company to stabilize our procurement of SiC 8-inch substrates and entered a strategic partnership with the Dutch firm Nexperia B.V. to expand our sales channels. Additionally, to expand our product line and customization abilities in the air-conditioning & refrigeration business, we have acquired the French air conditioning company AIRCALO to strengthen our hydronic HVAC*1 systems business, which is expected to expand in the European market overall going forward.




**Transform the Automotive Equipment Business**

In the automotive equipment business, which is experiencing a transformational period in the industrial structure, we have pursued business transformation through the spin-off of Mitsubishi Electric Mobility Corporation. While advancing our exit strategy for the ICE*2 business, which is expected to shrink in the long term, we aim to regrow our CASE*3 related business through collaboration and cooperation with external partners and have reached a business partnership agreement with Aisin Corporation for developing products for next-generation xEVs.

**Transform Portfolio in the Infrastructure Business Area**

In the Infrastructure Business Area, we are optimizing our operation system for public utility systems and energy systems while shifting resources to defense and solutions businesses, where growth is expected.

**Judgement of Businesses with Issues**

We have been determining whether to withdraw from or sell businesses where issues with profitability are not expected to improve and will reallocate resources generated by discontinuing these businesses to growth fields.

*1 HVAC is an acronym for heating, ventilation and air conditioning, standing for equipment and facilities relating to the foregoing.
*2 Internal combustion engine
*3 Connected, autonomous/automated, shared, electric

Legend
BA/Segment: Infrastructure BA | Industry & Mobility BA | Life BA | Business Platform BA | Semiconductor & Device
Business: Key Growth Bus.
BA: Business Area

### Optimization of Group Operating Structure

To build the optimum Group operating structure, we have consistently restructured and reorganized functions. However, we will promote more radical measures both in terms of strengthening functions and slimming down operations of associated companies. For example, to enhance logistics functions, Mitsubishi Electric Logistics Corporation will operate as MD LOGIS Corporation under Seino Holdings Co., Ltd. (Seino HD), going forward.*4 Leveraging Seino HD's assets, the Mitsubishi Electric Group will establish a more stable supply network, making it possible to provide customers with better goods and services.

*4 Some of the shares of Mitsubishi Electric Logistics were transferred to Seino HD on October 1, 2024, and the company name was changed.

- **Determines the direction of each business based on growth potential, profitability, and asset efficiency, and advances their business portfolio strategy, including divestitures and sales. Discloses specific details regarding these policies and their progress.** (→Point II.2 & Point III.4)

## Voice of Investors

While managing numerous businesses, the company is advancing a portfolio strategy focused on growth potential, profitability, and asset efficiency, and working to allocate management resources with clear priorities. Through comprehensive disclosure, including progress updates, Q&A sessions, and explanations of segment-specific ROIC projections and improvement measures, they convey their earnest commitment to structural reform.

## Published Oct. 2025

### Business Portfolio Strategy

The Mitsubishi Electric Group is reviewing its business portfolio by clarifying the direction of each business based on growth potential, profitability, and asset efficiency, as well as by backcasting from its ideal vision. This process includes growth investment in key growth businesses, strengthening the profitability of resilient businesses, and evaluating value recapturing businesses while improving their profitability. Going forward, we will conduct a more thorough evaluation of our business operations and execute growth investments, including M&A, to drive further growth and advance our business portfolio strategy.

### Key Growth Businesses

We are implementing growth investments including strengthening our production system and M&A. While overall growth is steady, earnings in the FA control systems business have deteriorated due to sluggish market conditions and intensifying competition. Therefore, we are implementing radical structural reforms aimed at an early recovery to a growth trajectory.

| | FY2022 actual | FY2026 forecast |
|---|---|---|
| Revenue | ¥2.1 trillion | ¥2.5 trillion |
| Operating profit margin | 6.6% | 9.3% |

| | A/C & Refrigeration Systems | Building Systems | Power Devices | FA Control Systems |
|---|---|---|---|---|
| Revenue | ↗ | ↗ | ↗ | ↘ |
| Operating profit margin | ↗ | ↗ | ↗ | ↘ |

Comparison of FY2026 forecast with FY2022 results

**Main Initiatives**

- **Air-conditioning & Refrigeration Systems Business**
  Construction of a new factory in India for global business expansion
  Mitsubishi Electric to Build Plant in India for Room Air Conditioners and A/C Equipment Compressors


Image of a room air conditioner/compressor factory in India

- **Building Systems Business**
  Establishment of Mitsubishi Electric Building Solutions Corporation to build an integrated business management structure
- **Power Device Business**
  Construction of a new wafer plant to strengthen production capacity for SiC power semiconductors

### Resilient Businesses*

To enhance profitability, we are promoting the shift of resources to the defense systems business in Infrastructure BA and the optimization of business structures.

| | FY2022 actual | FY2026 forecast |
|---|---|---|
| Revenue | ¥1.1 trillion | ¥1.2 trillion |
| Operating profit margin | 8.9% | 9.8% |

**Main Initiatives**

- **Defense Systems Business**
  Construction of a new production facility to expand capacity
  Mitsubishi Electric to Construct New Production Buildings in Kanagawa, Fukushima and Hyogo prefectures
- **Energy Systems Business**
  Establishment of an optimal business structure by transferring the generator business to Mitsubishi Generator Co., Ltd.


Conceptual drawings of the new production building at the Kamakura Works

* Businesses with stable demand that contribute to the Mitsubishi Electric Group's resilient management regardless of market fluctuation

### Value Recapturing Businesses

| | FY2022 actual | FY2026 forecast |
|---|---|---|
| Revenue | ¥1.3 trillion | ¥1.9 trillion |
| Operating profit margin | 0.7% | 3.0% |

We are actively assessing the withdrawal or divestiture of businesses that do not show potential for improved profitability. To date, we have already decided to terminate operations worth 0.5 trillion yen. Furthermore, during FY2026, we plan to assess the continuation or termination of businesses totaling 0.8 trillion yen.

### Investment Policy to Strengthen the Business Portfolio

To achieve growth from the integration of components and digital technologies leveraging Serendie, we have established an M&A investment framework of 1 trillion yen (within three years). We are promoting growth investment based on the following policies.

①**Strengthening existing businesses**
- Achieving non-linear growth through M&A in the globally competitive Industry and HVAC sectors
- Actively investing in businesses with growth potential, such as the defense systems business

②**Creating synergies between businesses**
- Creating synergies between businesses through digital technologies (M&A in the energy management sector and other sectors)

③**Strengthening AI and digital areas**
- Pursuing M&A to strengthen capabilities in data collection, analysis, operational optimization, and predictive maintenance

Mitsubishi Electric Corporation 2025 INTEGRATED REPORT 21

Source: (Top left) Mitsubishi Electric Corporation, Integrated Report 2024 (Fiscal Year Ended March 2024), Page 13 (Underlining added by TSE)
https://www.mitsubishielectric.com/investors/library/integrated-report/pdf/2024/integrated_report2024_en.pdf
(Bottom right) Mitsubishi Electric Corporation Integrated Report 2025 (Fiscal Year Ended March 2025) Page 21
https://www.mitsubishielectric.com/investors/library/integrated-report/

## Q&A

* This information is current as of September 2025.

**Q Could you elaborate on your current views on the key growth businesses and resilient businesses?**

A Our key growth businesses have grown steadily through focused investments in strengthening production systems, M&A, and others. However, in the FA control systems business, revenue and profitability declined compared with FY2022, so we will aim for an early recovery to a growth trajectory by reducing fixed costs and revamping our sales and development structure.

In resilient businesses, we have been strengthening profitability through efficiency improvements and resource shifts. Furthermore, we are achieving high profitability in areas such as UPS* for data centers in the Infrastructure BA and optical communication devices in the Semiconductor & Device segment. We expect these areas to continue to generate stable, high profitability going forward.

* Uninterruptible Power Supply

**Q How will you proceed with determination of business termination or continuation in value recapturing businesses with revenue of 1.9 trillion yen?**

A Of the 1.9 trillion yen, we have already decided to terminate 0.3 trillion yen worth of businesses. In addition, determining the termination or continuation of businesses adding up to 0.8 trillion yen will be done during FY2026. The remaining 0.8 trillion yen represents businesses currently deemed to be worth holding, and we will continue to strive to improve their profitability. Some businesses might be classified as resilient businesses in the future, but for those that remain in the value recapturing businesses, we might reassess them and implement radical measures.

**Q What specific businesses are included in the 0.8 trillion yen for which a decision on termination or continuation is to be made by the end of FY2026? Also, what criteria are used for selection?**

A Selection of the businesses are based on comprehensive considerations, including profitability, efficiency, growth potential, and synergies with other businesses. In addition to some businesses within the Industry & Mobility BA, which is promoting structural reforms, there are some businesses within the Infrastructure BA. We will continue to consider the issue from various perspectives and determine the direction to take.

**Q Based on your evaluation of value recapturing businesses, what level of contribution to profit margins do you anticipate in the future?**

A We aim to improve our operating profit margin by 2 percentage points over the next three years by combining termination of unprofitable businesses, optimization of indirect costs, and other various measures.

**Q Please provide details on the next steps and completion dates for structural reform in the automotive equipment business.**

A We will implement initiatives to enhance management efficiency, including the consolidation of offices and sales branches, and review our global production system. In addition, we will advance our business portfolio strategy by accelerating negotiations with customers to expedite the termination of underperforming businesses, aiming to improve profitability and efficiency. Furthermore, while promoting initiatives to improve profitability, we will concurrently assess the positioning of our business within the portfolio by considering all possible scenarios.

**Q What are your basic thoughts on conducting M&As in the new M&A investment framework of 1 trillion yen (within three years)?**

A As we assess the termination or continuation of businesses totaling 0.8 trillion yen during FY2026, we have established a three-year M&A investment framework of 1 trillion yen to create growth areas without falling into a state of diminishing equilibrium. While giving due consideration to capital efficiency and synergies, we will make appropriate decisions on individual M&A transactions in areas that contribute to growth driven by both "components" and "digital."

- Explains the concept and future direction of business portfolio strategy to investors in an easy-to-understand Q&A format. (→Point II.2 )

**Q What is the background behind launching Serendie?**

A In the past, the Mitsubishi Electric Group has leveraged data from individual platforms optimized for each of its businesses, including transportation, energy, factory automation, buildings, and air conditioning. To further enhance collaboration between these businesses, Serendie has been developed as a digital platform that facilitates unprecedented interactions between data and expertise aggregated from components, systems, and services in different areas across previously unconnected areas.

**Q Were there businesses using data before? And what specific solutions will you offer in the future?**

A Each business unit has been implementing data-driven solutions, including remote services for processing machines and computerized numerical controllers (CNCs), as well as remote monitoring and maintenance services for elevators. In addition to the solutions presented in this Integrated Report, we will continue to develop new cross-business solutions, such as enhancing comfort throughout building spaces by integrating elevators and air conditioning systems.

**Q How do you plan to develop Serendie-related businesses into a pillar of revenue?**

A The Mitsubishi Electric Group's business model has traditionally focused on a hardware-only sales model of components, although there were some segments that successfully turn services such as repairs and maintenance into viable businesses. By leveraging Serendie, we will integrate on-site usage data with design and manufacturing expertise to enhance the value of data collection components. Furthermore, we will provide services and solutions that leverage the data obtained, thereby creating new and stable sources of revenue.

**Q What are the unique strengths of the Mitsubishi Electric Group in terms of data-driven solutions and services?**

A The Mitsubishi Electric Group has a wide range of technology assets, including power electronics and mechatronics. We have delivered superior components as well as systems and solutions, leveraging the synergies created by the optimal integration of these assets. In addition, we operate across a broad spectrum of industries, from household applications to space exploration, and we possess diverse customer connections along with extensive on-site expertise. Rather than focusing on software, the Mitsubishi Electric Group provides solutions and services that integrate its strengths in components with digital technology.

**Q Serendie-related businesses are targeting revenue of 1.1 trillion yen and an operating profit margin of 23% by FY2031. What is the current progress?**

A The results for FY2025 were revenue of approximately 650 billion yen and an operating profit margin of 11%. For FY2026, we project revenue of approximately 680 billion yen and an operating profit margin of 13% (as of May 2025). Although data collection components fell short of initial plans for both revenue and operating profit margin due to sluggish sales of FA equipment, such as programmable logic controllers (PLCs), data utilization solutions continue to grow steadily, and there is no change in our medium-term direction.

Mitsubishi Electric Corporation 2025 INTEGRATED REPORT 23

Source: Mitsubishi Electric Corporation, Integrated Report 2024 (Fiscal Year Ended March 2024), Pages 22 and 23
https://www.mitsubishielectric.com/investors/library/integrated-report/

# Mitsubishi Electric (6503) (iii)



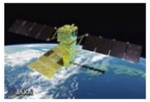
- For each segment, the company presents quantitative outlooks such as ROIC, while also carefully explaining initiatives to improve ROIC and growth strategies. (→Point II.5)

## Infrastructure Business Area

### Principal Products

**Public Utility Systems Business**
Rolling stock systems, supervisory control system for water treatment plants, power supply system for large electricity users, communication systems

**Energy Systems Business**
Supervisory control systems for power plants, substation equipment, power electronics equipment, transmission and distribution systems, power demand and supply optimization solutions



**Defense & Space Systems Business**
Missile systems, radar systems, command and control systems, electronic warfare systems, satellite systems, satellite data solutions



### Strengths of the Business

Strengths 1: Extensive order delivery track record and customer base in Japan and overseas

Strengths 2: Engineering capabilities cultivated over many years of handling large plant projects

Strengths 3: World-class technological infrastructure in defense & space systems

### Recognition of the Business Environment

Business Strategy

Infrastructure Business Area

## Achieving Stable Operation of the Infrastructure Supporting Society and Carbon Neutrality and Contributing to National Security in Japan and Asia

**Hideto Negoro**
Executive Officer
Infrastructure Business Area Owner

**Q What are your thoughts looking back on FY2025?**

**A** The market for the public utility systems business saw robust capital expenditures in public utilities and transportation sectors both in Japan and overseas. In this environment, orders won by the business increased year-on-year due primarily to increases the public utility business projects in Japan and transportation systems business worldwide. Revenue also increased year-on-year due to increases in the UPS* business outside Japan, the transportation systems business worldwide, and the public utility business in Japan. The market for the energy systems business saw robust demand resulting from the expanded use of renewable energy and increased investments in data centers. In this environment, orders won by the business decreased year-on-year mainly due to a decrease in the power transmission and distribution business in Japan, while revenue increased year-on-year due primarily to an increase in the power transmission and distribution business in Japan and worldwide. The market for the defense & space systems business saw robust demand due primarily to an increase in government-related budgets. In this environment, both orders and revenue increased year-on-year due to a rise in large-scale projects in the business. As a result, revenue from the entire Infrastructure BA was 1,224.9 billion yen, with operating profit of 89.4 billion yen and an operating profit margin of 7.3%.

**Q What initiatives are you undertaking to improve ROIC?**

**A** In FY2025, the profitability of existing businesses became more stable, ROIC improved in each business, and ROIC for the entire Infrastructure BA was 7.2%. To achieve further improvements, we will review the allocation of production roles across the entire supply chain with a focus on asset-light management, and carry out growth investments with a long-term vision. At the same time, we will improve productivity and profitability through the application of DX and AI, and improve asset efficiency through advanced payment collection, etc.

**Q What is your growth strategy going forward?**

**A** By strengthening our business foundation, we will continue to generate steady profits from our core businesses, such as facility, mobility, and energy infrastructure, while accelerating the shift of our portfolio toward the defense & space systems business, the decarbonization components business, the solution business, and the data center business. In the defense & space systems business, we will respond steadily to increases in defense budgets through the focused allocation of resources, while driving global expansion by leveraging our existing technologies and track record. With regard to the Decarbonization Components business, which is expected to drive growth within our core businesses, we will actively pursue collaborations and acquisitions, and work toward an early market launch as well as global expansion. Pursuing company-wide synergies, cross-BA and cross-group solution businesses and data center businesses are driven mainly by the Infrastructure BA. In the solutions business, we will develop E&F services and the mobility services business powered by Serendie, focusing on energy management, one of our core technologies. In the data center business, we will expand our business scale by strengthening our proposals for UPS and other components and developing solutions through the integration of the technologies and customer bases of each BA and group.

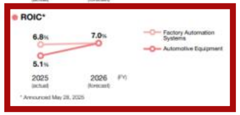
* Uninterruptible Power Supply

Business Strategy

## Industry & Mobility Business Area

### Principal Products

**Factory Automation Systems Business**
Control and drive products, processing machines, power distribution control equipment, FA digital solutions


* Announced May 28, 2025

### Strengths of the Business

Strengths 1: Technological competitiveness in digital (software) and core components

Strengths 2: Contributing to our customers' business improvement through real-time control technology that boasts high competitiveness in Asia in factory automation systems and co-creation

Strengths 3: High-speed automated production technology that meets high quality requirements and ensures safety and security

Business Strategy

Industry & Mobility Business Area

## Supporting Future Manufacturing and Comfortable Mobility with Our Core Components and Digital Technologies

**Kunihiko Kaga**
Representative Executive Officer, Senior Vice President
Industry & Mobility Business Area Owner

**Q What are your thoughts looking back on FY2025?**

**A** The market for the factory automation systems business saw increases in demand related to smartphones and industrial machinery in China and capital expenditures mainly for AI-related semiconductors in Japan, China, and Taiwan, despite continued stagnation in demand for lithium-ion batteries. In this environment, orders won by the business increased year-on-year due primarily to increases in capital expenditures related to AI, as well as demand for industrial machinery, while revenue decreased year-on-year mainly due to a decrease in demand for lithium-ion batteries. The market for the automotive equipment business saw sales of new cars substantially unchanged year-on-year in almost all regions. In this environment, the business saw a decrease in revenue year-on-year due primarily to a decrease in automotive electrical equipment, reflecting a lower sales volume of Japanese car manufacturers in China. As a result, revenue from the entire Industry & Mobility BA was 1,644.8 billion yen, with operating profit of 82.6 billion yen and an operating profit margin of 5.0%.

**Q What initiatives are you undertaking to improve ROIC?**

**A** In the FA systems business, we will strive to maximize profits by building a lean management structure through optimizing the workforce and reduction of costs and indirect operations, while also working to expand revenue from core components through the reform of sales and development structures, transforming our business portfolio, and reducing invested capital, such as remaining inventories. In the automotive equipment business, to fundamentally review our fixed cost structure, we will maximize our earning power by reducing indirect operations and optimizing the workforce through consolidation of offices, etc. We will also reduce invested capital, such as inventory and fixed assets, thereby transforming into a leaner organization. In addition, we aim to maximize operating profit by terminating businesses with issues, monetizing the electric vehicle-related equipment business promptly and stably, and making other efforts. In both businesses, we aim to improve profitability and ROIC by concentrating management resources in growth areas, streamlining organizations, and increasing productivity, aiming for ROIC of 7.0% in FY2026 and further improvement in the future.

**Q What is your growth strategy going forward?**

**A** In the FA systems business, we are focusing our management resources on digital solutions and software-defined controllers to achieve data-driven production innovation and sustainable manufacturing. In addition, we will strive to maximize the delivered value to customers along with the regrowth of our business by promoting the use of data by Serendie to realize "Trade-On (mutual benefits)" between optimizing the use of energy and improving productivity in the scope of our value proposition. In the automotive equipment business, we will respond to the uncertainty of the electric vehicle-related equipment market, such as the slowdown in the growth of the BEV market, by balancing our electrified and ICE* businesses to diversify risks. In addition, we will establish SDV as a new pillar of our business and maximize synergies through partnerships to provide value to a wide range of customers.

* Internal Combustion Engine

Source: Mitsubishi Electric Corporation, Integrated Report 2025 (Fiscal Year Ended March 2025), Pages 40–43 (Red borders added by TSE)
https://www.mitsubishielectric.com/investors/library/integrated-report/

# TDK（6762）(i)

TOPIX Large70 | Electronics

JPX

Attracting Tomorrow TDK

**Progress on Medium-term Plan**

Noboru Saito
President & CEO

FY March 2025 Full Year Performance Briefing    Copyright © TDK Corporation, 2025    21

## Voice of Investors

**The company's disclosure of mid-term plan progress, including the implementation status of strengthened business portfolio management, is commendable as it facilitates appropriate investment decisions. Furthermore, it conveys a conscious effort to align management and disclosure with investor perspectives. This is demonstrated through expanding disclosure content based on shareholder feedback and actively conducting and disclosing dialogues between management, outside directors, and investors.**

### Financial KPI progress

Attracting Tomorrow TDK

- For FY March 2025, we achieved the initial targets. We have not changed the targets in the final year of the Medium-term Plan.

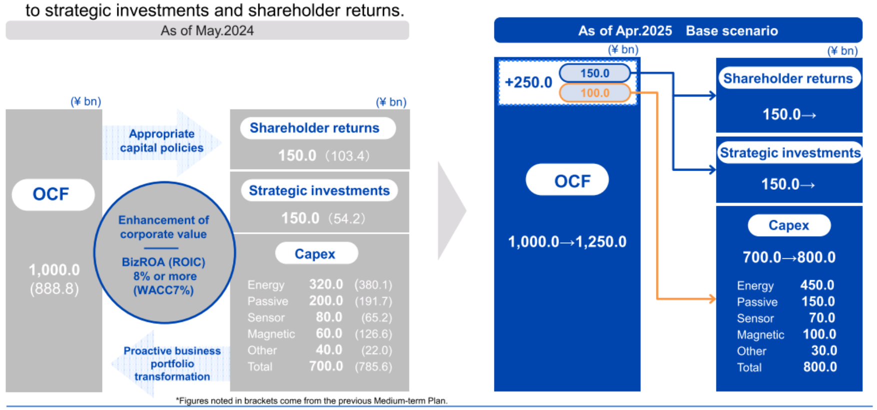
| | | FY3/24 | FY3/25 | FY3/26 Base scenario | FY3/26 Risk scenario | FY3/27 |
|---|---|---|---|---|---|---|
| Growth | Net sales [¥ bn] (CAGR) | 2,103.9 | 2,204.8 | 2,200.0 | 2,120.0 | 2,500.0 (approx. 5%) |
| Efficiency | ROE | 7.9% | 9.5% | 9.5% | 7.9% | 10% or more |
| | ROIC (BizROA) (>WACC) | 5.3% (<7.0%) | 6.7% (<7.0%) | 7.1% (>7.0%) | 5.6% (<7.0%) | 8% or more |
| | OP margin | 8.2% | 10.2% | 10.2% | 8.5% | 11% or more |
| Financial soundness | Shareholders' equity ratio | 50% | 51% | 51% | 51% | 50% level |
| | D/E ratio | 0.4x | 0.3x | 0.4x | 0.4x | 0.3-0.4x |
| Exchange rate assumptions | | ¥144/US$ | ¥153/US$ | ¥140/US$ | ¥140/US$ | ¥135/US$ |

FY March 2025 Full Year Performance Briefing    Copyright © TDK Corporation, 2025    23

### Change of capital allocation plan (FY3/25 to FY3/27 accumulated)

Attracting Tomorrow TDK

- Allocate the expected OCF increase from the initial plan to Capex. Considering the market environment, allocate to strategic investments and shareholder returns.

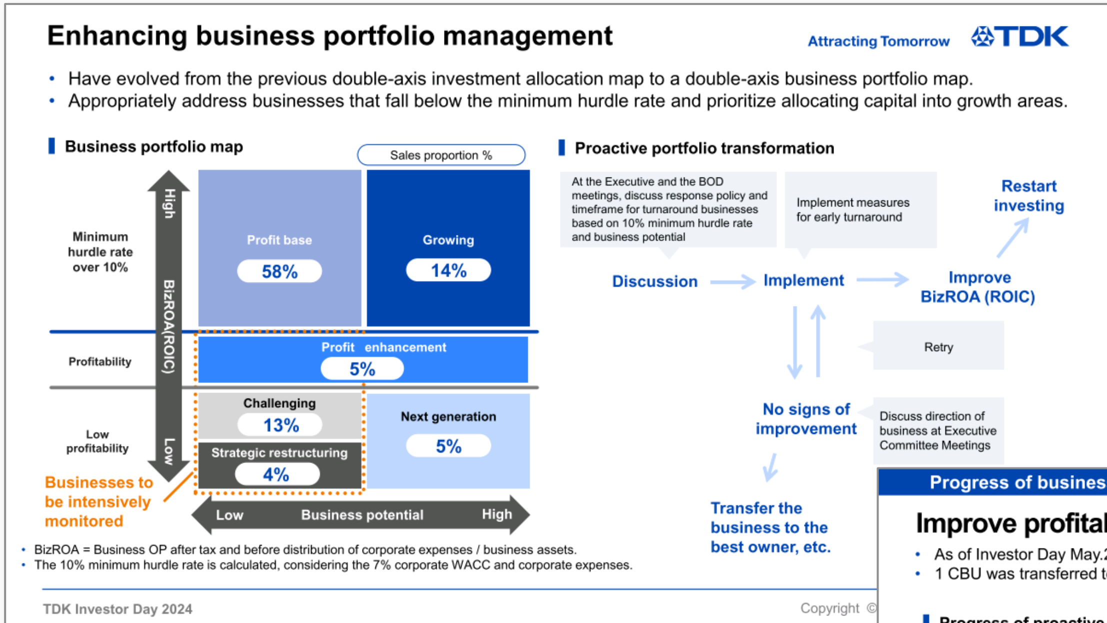



FY March 2025 Full Year Performance Briefing    Copyright © TDK Corporation, 2025.    24

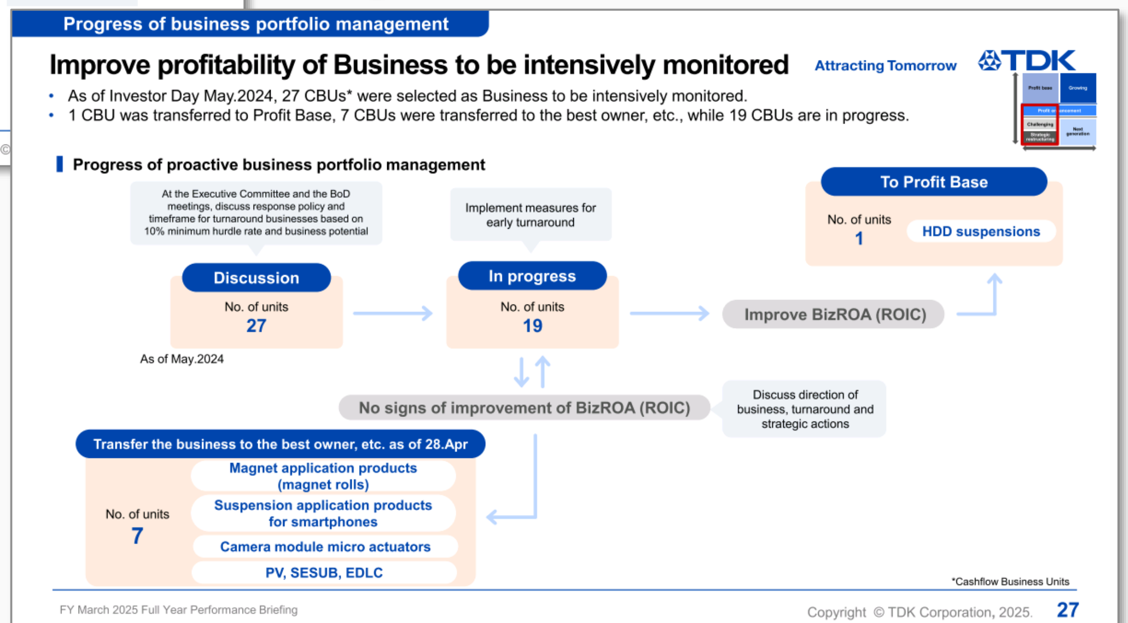
- **Regarding the progress of the mid-term plan, the company discloses the progress of financial KPIs and, considering the upward revision of operating cash flow, the review of the cash allocation policy.** **(→Point III.4)**

Source: TDK Corporation Fiscal Year March 2025 Full Year Performance Briefing (April 28, 2025) Pages 21, 23, 24
https://www.tdk.com/system/files/2025_4q00_09YwIctV_en_02.pdf

# TDK（6762）(ii)




- **The company is advancing its business portfolio management based on two axes: business ROA (ROIC) and future growth potential, while promoting resource allocation to growth areas. For businesses showing no improvement, transferring operations to the best owner. They disclose progress on these initiatives with thorough transparency.** **(→Point II.2 & Point III.4)**




Source: (Top left) TDK Long-term Vision & New Medium-term Plan (May 22, 2024), Page 18 https://www.tdk.com/system/files/tdk_investor_day_20240522_en.pdf
(Bottom Right) TDK Corporation Fiscal Year March 2025 Full Year Performance Briefing (April 28, 2025) Pages 27 https://www.tdk.com/system/files/2025_4q00_09YwIctV_en_02.pdf

- **Management and directors take the lead in promoting dialogue with shareholders. Based on feedback obtained through dialogue, the company enhances dialogue and information disclosure, while also disclosing the status of these efforts.** （→Point III.1 & Point III.3）

## Dialogue with Investors

### Objectives of investor relations activities

The TDK Group believes that it is important to fully its accountability to its stakeholders, including investors and analysts, and gain their confidence and trust through bilateral communication. In order to pursue this objective, we held new IR events during the following periods in addition to the regular performance briefing.

### New events conducted between July 2024 and June 2025

| | Item | Main contents explained/Q&A/matters of concern | |
|---|---|---|---|
| November 2024 | Factory tours and business strategy meeting<br>Speakers:<br>CEO, Sensor Systems Business Company<br>Takao Tsutsui<br>CEO, Energy Solutions Business Company<br>Fumio Sashida | Business company CEOs engaged in direct dialogue with investors and analysts and conducted a briefing that delved into the future potential and competitive advantages of each business.<br>Material<br>https://www.tdk.com/en/ir/ir_events/strategy/20241126/index.html |  |
| | Online briefing of individual investor (Rakuten Securities, Inc.)<br>Speakers:<br>President & CEO<br>Noboru Saito | Held TDK's first individual investor briefing since 2021. Along with an introduction to the TDK, the presentation focused on the personality of President & CEO Saito. |  |
| May 2025 | Small sell-side meeting<br>Speakers:<br>President & CEO<br>Noboru Saito<br>Senior Executive Vice President, CFO<br>Tetsuji Yamanishi | Delved into the content of full-year financial results announcement held in April 2025 and also discussed progress of the TDK Group's Medium-term Plan. |  |
| | Small outside directors' meeting<br>Speakers:<br>Outside Director<br>Mutsuo Iwai<br>(Chair of the Board)<br>Outside Director<br>Shoei Yamana | Had a frank exchange of opinions with investors and analysts on topics such as TDK's management issues and Board of Directors as seen from outside directors. Attendees praised TDK's initiatives aimed at evolving upon management. |  |

### State of implementation of dialogue with shareholders

| Item | Content |
|---|---|
| Main respondents in dialogue with shareholders | Mainly the President & CEO, Senior Executive Vice President CFO; executives; and the IR & SR Group, a dedicated team handling shareholder and investor response. |
| Profile of shareholders with whom dialogue conducted | Dialogue is conducted with active and passive institutional investors both in Japan and overseas; investors with various investment styles, such as growth and value investing and diverse shareholders. |
| Main dialogue topics and matters of interest to shareholders | Constructive and lively dialogue takes place on such topics as management policy, problem awareness, financial strategy, progress of individual business strategies, progress of initiatives involving ESG and other pre-financial activities, and response to geopolitical risks. |
| State of feedback of shareholder opinions and concerns to the management team and Board of Directors | In-house feedback is being strengthened. For example, the numerous opinions and issues raised in the dialogue with shareholders and investors are sorted in the IR & SR Group and reported to the Board of Directors every quarter.<br>Number of reports in FY March 2025: 4 |
| Matters introduced as a result of feedback | Create opportunities for dialogue between investors and outside directors<br>Disclosure on progress of business portfolio management |
| Issues currently under consideration as a result of feedback | Initiatives for the AI ecosystem market<br>Disclosure on progress of business portfolio management<br>Holding of briefings on sustainability |

### Number of times events held

| | FY3/23 | FY3/24 | FY3/25 |
|---|---|---|---|
| Financial statement briefings for analysts and institutional investors | 4 | 4 | 4 |
| IR events | — | 1 | 3 |
| Conferences hosted by securities companies | 7 | 7 | 8 |
| Overseas roadshow | 2 | 4 | 5 |

### Number of annual discussions


Source: TDK Corporation TDK United Report 2025　Page 49（red boxes and underlines added by TSE）
https://www.tdk.com/system/files/integrated_report_pdf_2025_en.pdf

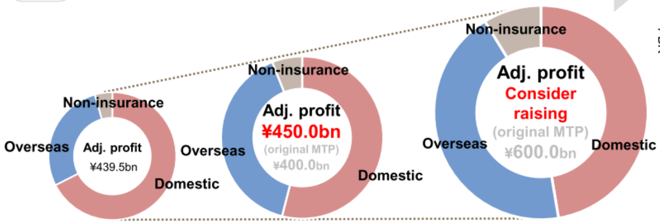
# Case 3 Dai-ichi Life Holdings（8750）(i)

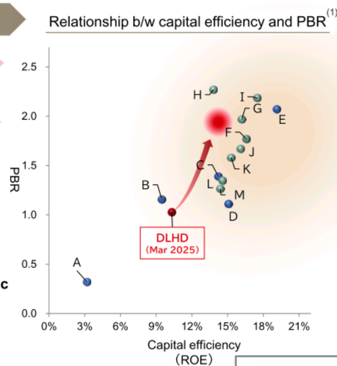
## Expansion of group adjusted profit and improvement of capital efficiency

Dai-ichi Life Holdings

- The increase in Group adj. profit pushed the adjusted ROE above the 10 % target. Meanwhile, the rise in domestic interest rates offset the benefits of our risk-reduction efforts, causing the cost of capital to level off. We will therefore continue to reduce risk, mainly by selling equities.
- Recognizing the gap between our current position and global top-tier competitors, we intend to secure capital-efficiency targets at an earlier stage. Accordingly, we decided to raise the 2026 targets for both Group adj. profit and adj. ROE, and we will consider to lift the profit target for FY 2030.

| | FY2024 | ~FY2026 | ~FY2030 |
|---|---|---|---|
| Adj. ROE | 10.7% | ca.10% ⇒ over 12% | ca.10% ⇒ over 14% |
| Cost of Capital | ca.9% | 8% | Maintain a stable rate of 8% or less |




(1) Measured based on the Bloomberg consensus as of the end of March 2025

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## Voice of Investors

Even with ROE reaching a certain level, the company identified gaps between their current state and their target through comparative analysis with global top-tier firms, leading to upward revisions of their goals. Having set a target of achieving a market capitalization of JPY 6 trillion, they are advancing fundamental initiatives to improve capital efficiency, including reviewing their business portfolio with potential divestments. This demonstrates a very strong commitment to enhancing corporate value over the medium to long term.

- By comparing themselves with global peers in the same industry, the company recognized the gap between their current state and their target vision, and implemented a review of their ROE and profit targets. (→Points I.2, II.1, and III.4)

## KPI Targets

Dai-ichi Life Holdings

- Regarding the targets of the MTP, we have made updates - taking into account the progress of each business strategy and the current economic environment - in order to close the “gap” toward achieving the ¥6 trillion market capitalization we aim for in 2026.

| | | KPIs | FY2024 Result | MTP Target (FY2026) | Targeted level by around FY2030 |
|---|---|---|---|---|---|
| Financial Indicators | Economic Indicators | RoEV | - | ca. 8% in the medium-to long term | |
| | | VNB | ¥172.4bn | FY2025: ¥190bn *Expecting to exceed the level | — |
| | Accounting Profits | Adjusted ROE | 10.7% | 10% → Over 12% | Stably exceeds ca. 10% → Over 14% |
| | | Adjusted Profit | ¥439.5bn | ¥400bn → ¥450bn~ | ¥600bn → Consider raising |
| | Cost of Capital | Cost of Capital | 9% | 8% | Maintain a stable rate of 8% or less |
| | Market Valuation | Relative TSR (vs 14 peers) | #5 | Relative advantage | |
| | Financial Soundness | Economic Solvency Ratio(1) | 210% | 170% - 200% | |
| Non-Financial Indicators | Customers | Number of Customers | Domestic ca.34.55m ppl Overseas ca.41.00m ppl(2) | Domestic ca.37.50m ppl(1) Overseas ca.45.00m ppl | — |
| | External Evaluation | ESG Composite Indices | DJSI(3) Asia Pacific Index MSCI(4) AA | Industry-leading evaluation scores in Japan | |

(1) With the addition of Benefit One as a subsidiary, the company's target and actual figures were added as the number of domestic customers. (2) As of the end of March 2025 (3) Dow Jones Sustainability Indices (4) MSCI ESG Rating

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Source: Dai-ichi Life Holdings Co., Ltd. Financial Analyst Conference Call for the Fiscal Year Ended March 2025 (June 2, 2025) Pages 18, 19 (red underlining added by TSE)
https://www.dai-ichi-life-hd.com/en/investor/library/kessan/2024/pdf/2024_statement.pdf

# Dai-ichi Life Holdings（8750）(ii)



Accelerate Transformation

## Message from the Group CFO

Through disciplined practice of capital circulation management, we aim to achieve a state in which capital efficiency consistently exceeds the cost of capital by FY2026.

Executive Officer
Group Chief Financial Officer
**Taisuke Nishimura**

I am Taisuke Nishimura, Group CFO. I would like to share my views on our financial and capital strategy under the current mid-term management plan, reflecting on its first year and outlining key initiatives going forward.

**▶Mid-term management plan: Achievements and challenges in the first year**

In the previous plan, we identified improving capital efficiency and lowering the cost of capital as the most important priorities and worked to reduce risk accordingly. As a result, by FY2023, the final year, we achieved certain progress, with the cost of capital declining to around 9%. At the same time, adjusted ROE, a key indicator of capital efficiency, stood at 8.2%, remaining below the cost of capital … we positioned the current plan as the final stage toward achieving capital efficiency that con… exceeds the cost of capital.

In FY2024, the economic environment remained stable at a high level, and Dai-ichi Life… business performance recovered significantly. In line with its risk-reduction objectives, Dai-i… steady progress in selling domestic equities in accordance with the plan. Overseas subsidia… Protective and TAL, also delivered solid results. As a result, Group adjusted profit reached ¥… exceeding the ¥400bn target originally set for FY2026 when the plan was announced. Furth… through share buybacks and other initiatives to improve capital efficiency, adjusted ROE rea… exceeding the 10% target set for FY2026, the final year of the plan, and for the first time our… efficiency exceeded our cost of capital.

The Japanese government is scheduled to introduce economic value-based solvency … regulations in FY2026. With this in mind, we have set an economic solvency ratio (ESR) tar… of 170–200%. In addition to domestic subsidiaries that had already applied the standard in a… overseas subsidiaries started adopting the new measurement model at the end of FY2024. … 2025, we raised funds through a large-scale subordinated bond issuance, which pushed ES… 200% and enabled investments in asset-formation initiatives and new businesses in the ove… insurance domain. In addition, changes to the ESR measurement model brought the new st… ESR to 210% at FY2024 year-end, exceeding our target range.

With respect to improving operating expense efficiency—a challenge we have long rec… changes in the economic environment, particularly the recent rise in inflation, now require st… measures, and our management team is deepening discussions on concrete responses. We… already made proactive investments in such areas as IT and AI. Going forward, we aim to le… benefits of these investments to create further value and improve operating expense efficien…

**▶Mid-term management plan: Priority measures for the second year and beyond**

From the second year of the plan onward, we need to further raise capital efficiency while maintaining financial soundness, thereby sustaining and expanding a position in which capital efficiency exceeds the cost of capital. With this in mind, we intend to drive capital circulation management even further.

As mentioned earlier, adjusted ROE in FY2024 reached 10.7%, exceeding our 10% target and reflecting progress toward achieving capital efficiency that consistently exceeds the cost of capital. It is important to note that this is not a temporary phenomenon, but rather a reflection of our intent to deliver consistently high capital efficiency in FY2025 and beyond.

- **To achieve capital efficiency that consistently exceeds the cost of capital, the company will advance initiatives from two fronts: improving capital efficiency through portfolio restructuring, including divestitures, and reducing the cost of capital（→Point II.2 & Point II.3）**

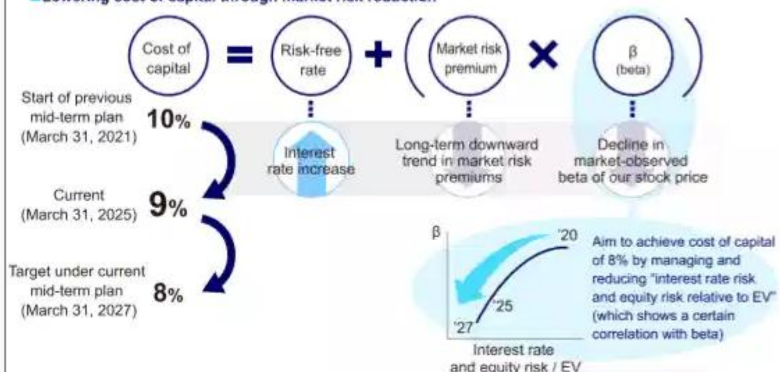
**▶Key initiatives to realize capital circulation management—Risk reduction initiatives**

At the start of its current mid-term management plan, the Group's cost of capital we recognized was 9%. While closely monitoring the impact of rising interest rates in Japan and overseas on the cost of capital, we aim to reduce it to 8% during the current plan period through ongoing measures, such as interest rate risk and equity risk reduction.

In FY2024, Dai-ichi Life reduced its market risk (sum of interest rate risk and equity risk) by ¥225.0bn year on year. Of this amount, we completed approximately ¥500bn in sales of domestic equities, representing a progress rate of 40%—earlier than called for under the plan—against the plan's cumulative target of ¥1.2tn. We will continue advancing this initiative in FY2025 and beyond to ensure that the balance of domestic equities is reduced to a maximum of ¥1.5tn by the end of FY2030.

Taking advantage of the New Regulation's introduction at the end of FY2025, we will move beyond simple risk reduction and work to upgrade our capital circulation management. This will include shifting toward risk portfolios that can deliver higher capital efficiency and thereby enhance corporate value.

**Lowering cost of capital through market risk reduction**



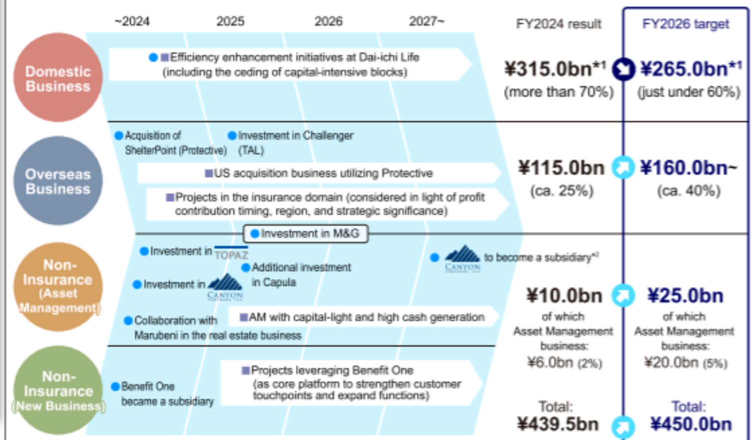

**▶Business portfolio transformation**

We are working to reinforce our core businesses—protection and asset formation/succession—while exploring new areas, such as digital, health, and medical services, with the aim of optimizing our business portfolio through continuous expansion and diversification.

Through Protective, we acquired ShelterPoint, which operates a group insurance business in the US, in FY2024. Since the start of FY2025, we made an additional investment in Capula, a leading hedge fund in the UK. We also decided to invest in Challenger, the leading company in Australia's individual annuity market, through TAL. In addition, we resolved to invest in UK-based M&G, a major player in the asset management and life insurance fields in Europe. To optimize our business portfolio, we divested our Thai business, Ocean Life, as its strategic importance declined due to slowing market growth and other factors.

Seeking to achieve our profit target of ¥450.0bn in FY2026, we will carefully select investment opportunities while aiming for a well-diversified and efficient business portfolio—balanced across risks and regions—and disciplined capital allocation.

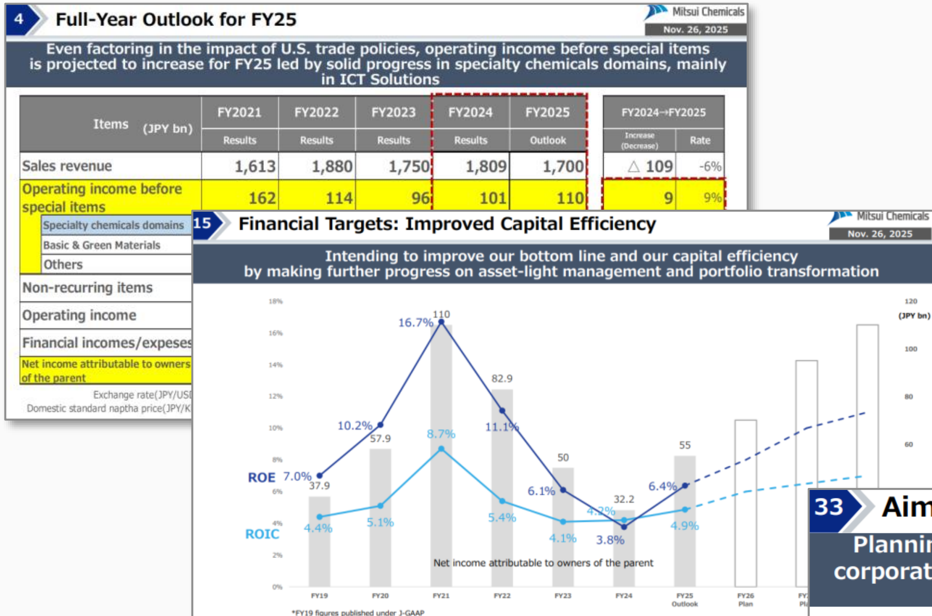
**Capital strategy project pipeline**




*1 Includes the Company's amortization and related costs *2 We hold an option to acquire a 51% majority stake (unexercised as of May 31, 2025)

Source: Dai-ichi Life Holdings Integrated Report 2025 Pages 14, 16, 17 (red underlining added by TSE)
https://www.dai-ichi-life-hd.com/en/investor/library/annual_report/2025/pdf/index_001.pdf

# Mitsui Chemicals, Inc. (4183) (i)



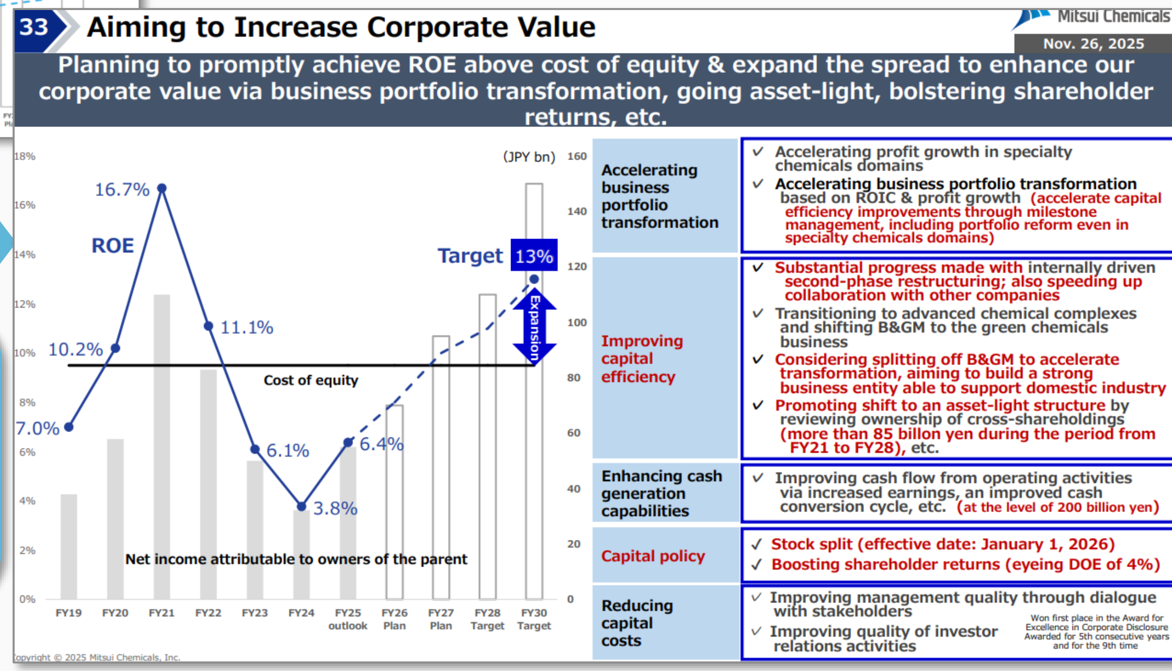

| Items (JPY bn) | FY2021 Results | FY2022 Results | FY2023 Results | FY2024 Results | FY2025 Outlook | FY2024→FY2025 Increase (Decrease) | Rate |
|---|---|---|---|---|---|---|---|
| Sales revenue | 1,613 | 1,880 | 1,750 | 1,809 | 1,700 | △ 109 | -6% |
| Operating income before special items | 162 | 114 | 96 | 101 | 110 | 9 | 9% |
| Specialty chemicals domains | | | | | | | |
| Basic & Green Materials | | | | | | | |
| Others | | | | | | | |
| Non-recurring items | | | | | | | |
| Operating income | | | | | | | |
| Financial incomes/expeses | | | | | | | |
| Net income attributable to owners of the parent | | | | | | | |
| Exchange rate(JPY/USD) | | | | | | | |
| Domestic standard naptha price(JPY/KL) | | | | | | | |



## Voice of Investors

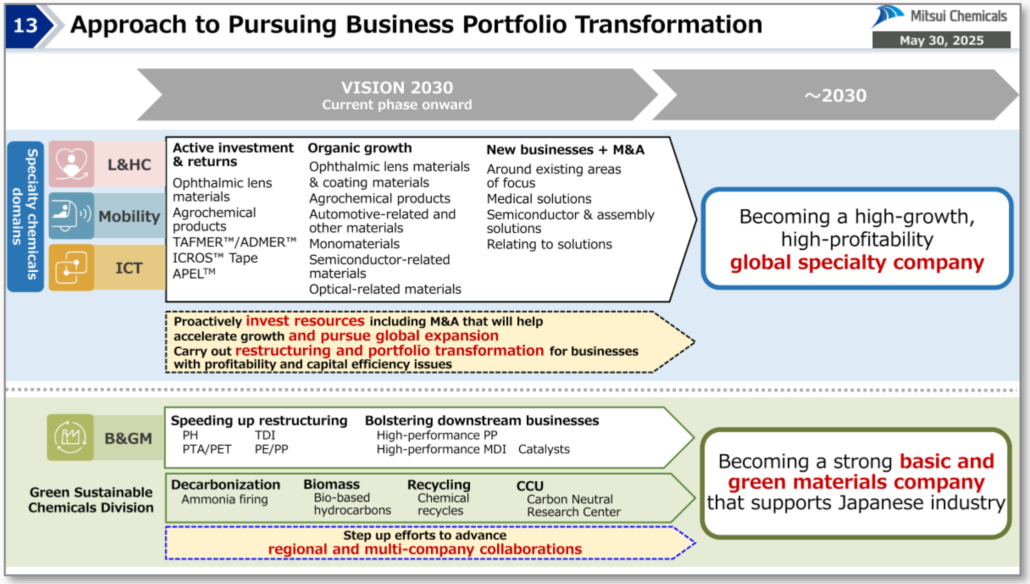
The company clearly presented its policy to accelerate management that is conscious of capital efficiency, centered on reforming its business portfolio, and provided a highly detailed explanation of its future vision and the KPIs and initiatives to achieve it. It conveyed management's strong sense of commitment to advancing fundamental reforms, including restructuring existing businesses, to realize medium- to long-term growth.

- The company identified challenges for enhancing corporate value through time-series analyses of various indicators. Based on the findings, it refined initiatives such as the acceleration of portfolio reforms and implementation of measures to improve capital efficiency. (→Points I. 2, II. 2, and III. 4)

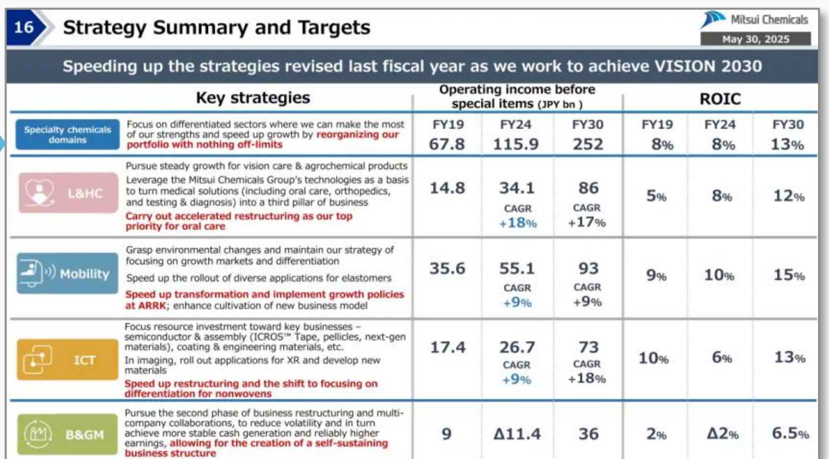



| | |
|---|---|
| Accelerating business portfolio transformation | ✓ Accelerating profit growth in specialty chemicals domains<br>✓ Accelerating business portfolio transformation based on ROIC & profit growth (accelerate capital efficiency improvements through milestone management, including portfolio reform even in specialty chemicals domains) |
| Improving capital efficiency | ✓ Substantial progress made with internally driven second-phase restructuring; also speeding up collaboration with other companies<br>✓ Transitioning to advanced chemical complexes and shifting B&GM to the green chemicals business<br>✓ Considering splitting off B&GM to accelerate transformation, aiming to build a strong business entity able to support domestic industry<br>✓ Promoting shift to an asset-light structure by reviewing ownership of cross-shareholdings (more than 85 billon yen during the period from FY21 to FY28), etc. |
| Enhancing cash generation capabilities | ✓ Improving cash flow from operating activities via increased earnings, an improved cash conversion cycle, etc. (at the level of 200 billion yen) |
| Capital policy | ✓ Stock split (effective date: January 1, 2026)<br>✓ Boosting shareholder returns (eyeing DOE of 4%) |
| Reducing capital costs | ✓ Improving management quality through dialogue with stakeholders<br>✓ Improving quality of investor relations activities<br>Won first place in the Award for Excellence in Corporate Disclosure Awarded for 5th consecutive years and for the 9th time |

Source: Mitsui Chemicals, FY25-2 CEO Presentation (November 26, 2025), Pages 4, 15, 32
https://jp.mitsuichemicals.com/content/dam/mitsuichemicals/sites/mci/documents/release/2025/event_251126e.pdf




- **The company presented the direction of its business portfolio reform and provided a detailed explanation of each segment's medium- to long-term targets, KPIs, and business strategies.** (→Point II. 2 & Point II. 5 )

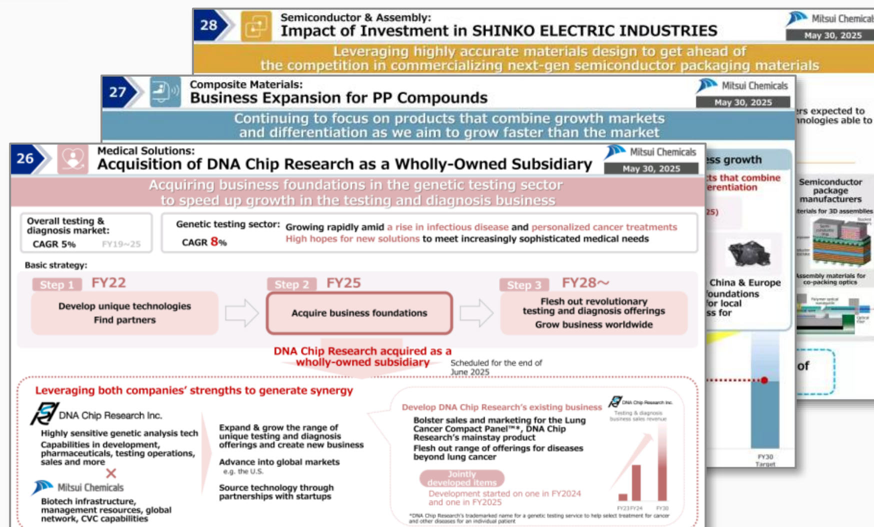


16 Strategy Summary and Targets

Mitsui Chemicals May 30, 2025

Speeding up the strategies revised last fiscal year as we work to achieve VISION 2030

| | Key strategies | Operating income before special items (JPY bn) | | | ROIC | | |
|---|---|---|---|---|---|---|---|
| | | FY19 | FY24 | FY30 | FY19 | FY24 | FY30 |
| Specialty chemicals domains | Focus on differentiated sectors where we can make the most of our strengths and speed up growth by reorganizing our portfolio with nothing off-limits | 67.8 | 115.9 | 252 | 8% | 8% | 13% |
| L&HC | Pursue steady growth for vision care & agrochemical products<br>Leverage the Mitsui Chemicals Group's technologies as a basis to turn medical solutions (including oral care, orthopedics, and testing & diagnosis) into a third pillar of business<br>Carry out accelerated restructuring as our top priority for oral care | 14.8 | 34.1 CAGR +18% | 86 CAGR +17% | 5% | 8% | 12% |
| Mobility | Grasp environmental changes and maintain our strategy of focusing on growth markets and differentiation<br>Speed up the rollout of diverse applications for elastomers<br>Speed up transformation and implement growth policies at ARRK; enhance cultivation of new business model | 35.6 | 55.1 CAGR +9% | 93 CAGR +9% | 9% | 10% | 15% |
| ICT | Focus resource investment toward key businesses – semiconductor & assembly (ICROS™ Tape, pellicles, next-gen materials), coating & engineering materials, etc.<br>In imaging, roll out applications for XR and develop new materials<br>Speed up restructuring and the shift to focusing on differentiation for nonwovens | 17.4 | 26.7 CAGR +9% | 73 CAGR +18% | 10% | 6% | 13% |
| B&GM | Pursue the second phase of business restructuring and multi-company collaborations, to reduce volatility and in turn achieve more stable cash generation and reliably higher earnings, allowing for the creation of a self-sustaining business structure | 9 | Δ11.4 | 36 | 2% | Δ2% | 6.5% |

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Source: Mitsui Chemicals, FY25-1 CEO Presentation (May 30, 2025), Pages 13, 16, 26–28
https://jp.mitsuichemicals.com/content/dam/mitsuichemicals/sites/mci/documents/release/2025/event_250530e.pdf

- The company introduced a stock ownership incentive program for employees to motivate them to work toward achieving the company's medium- to long-term targets and enhancing corporate value. (→ Point II. 4)

## 7 Leveraging Treasury Stock for Human Capital Policy and Corporate Value Enhancement

Mitsui Chemicals
May 30, 2025

**Back-ground**

As a result of flexible acquisition of treasury stock (equating to 55 billion yen since FY17), Mitsui Chemicals now holds approx. 7% of its shares as treasury stock.

The company has previously leveraged this treasury stock for M&A or cancelled treasury stock, but now plans to expand its utilization of this treasury stock.

**FY25**

### Introducing a restricted stock incentive plan

Aims

- ✓ Assist employees in their medium- to long-term asset building
- ✓ Raise employee awareness of the company's performance and stock price
- ✓ Create a motivation for the company and its employees to come together as one to work on achieving VISION 2030 and improving corporate value

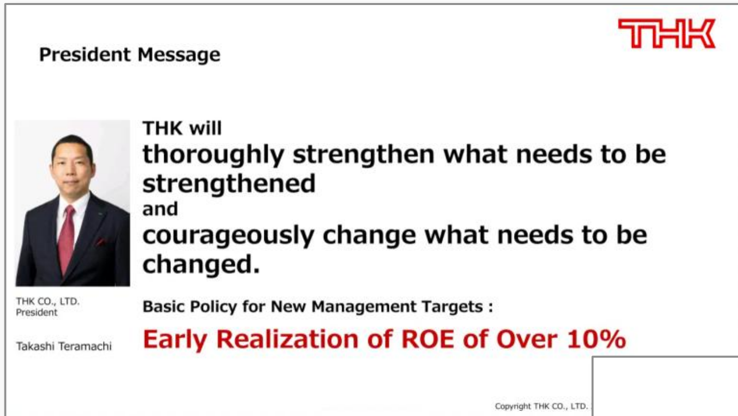
### Outline of plan for treasury stock use

| | |
|---|---|
| Date of disposal | August 20, 2025 |
| Number of the shares to be disposed of | Up to 1.245 million shares of common stock (150 shares per person) |
| Disposal value | 3,591 yen/share (closing price on March 28) |
| Total amount of disposal | Maximum of approx. 4.5 billion yen |

### Considering further utilization of treasury stock

Mitsui Chemicals intends to further improve employee engagement and corporate value by considering the use of treasury stock in M&A to help execute its growth strategy, as well as by considering expanding the scope of stock compensation

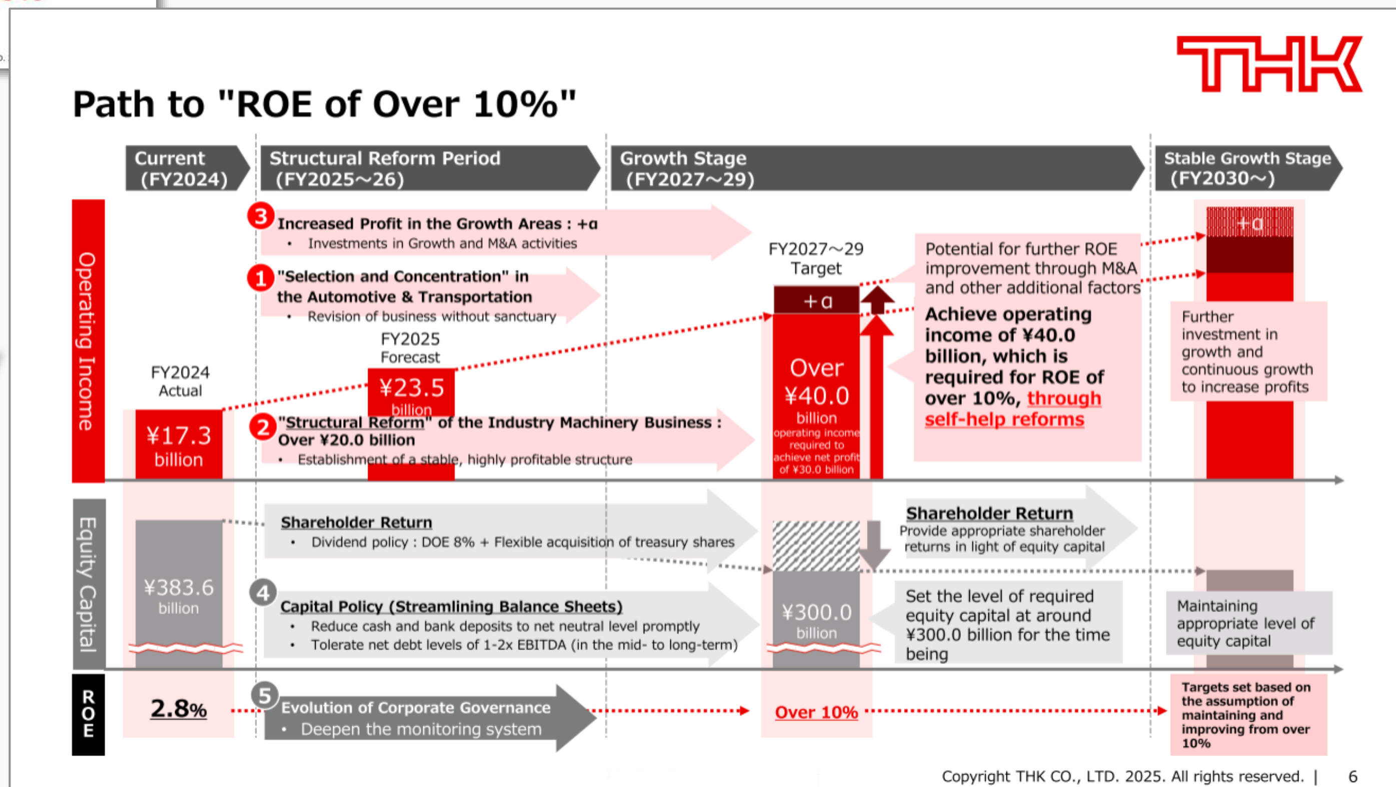
Source: Mitsui Chemicals, FY25-1 CEO Presentation (May 30, 2025), Page 7
https://jp.mitsuichemicals.com/content/dam/mitsuichemicals/sites/mci/documents/release/2025/event_250530e.pdf




## Voice of Investors

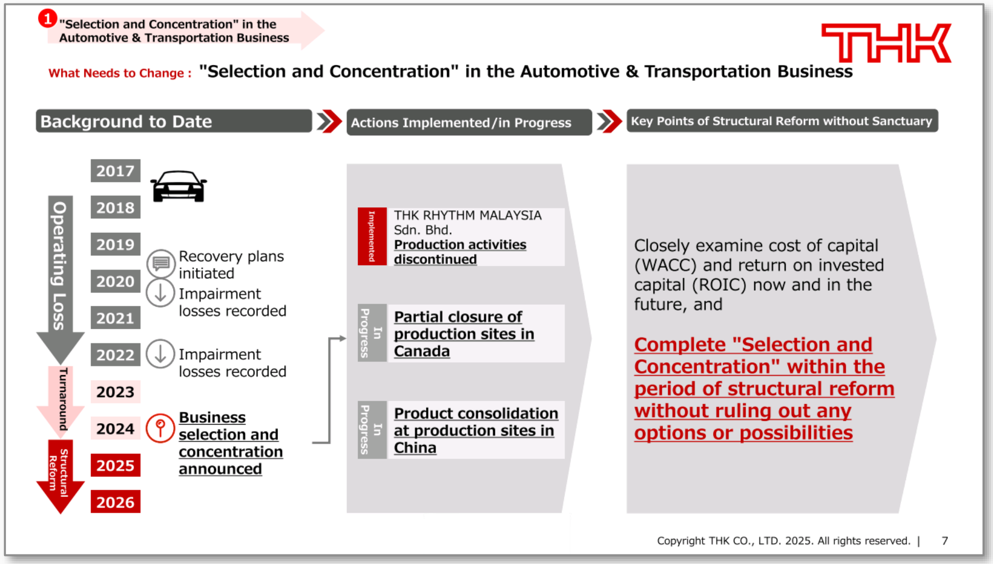
**The president personally demonstrated a strong commitment to "achieving an ROE exceeding 10% at an early stage," and presented a concrete roadmap for achieving this goal from both the perspectives of improving operating profit and streamlining equity capital. Each initiative possesses a compelling narrative and is backed by quantitative target figures, lending credibility to its feasibility.**

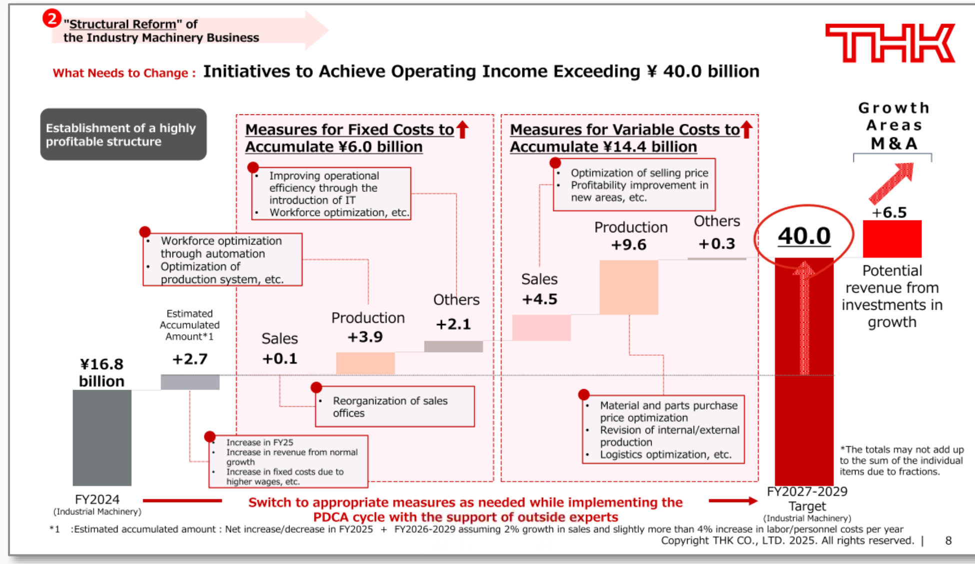
- To improve ROE, **the company discloses their future initiatives chronologically, focusing on both improving operating profit and streamlining equity capital. (Point II.5)**

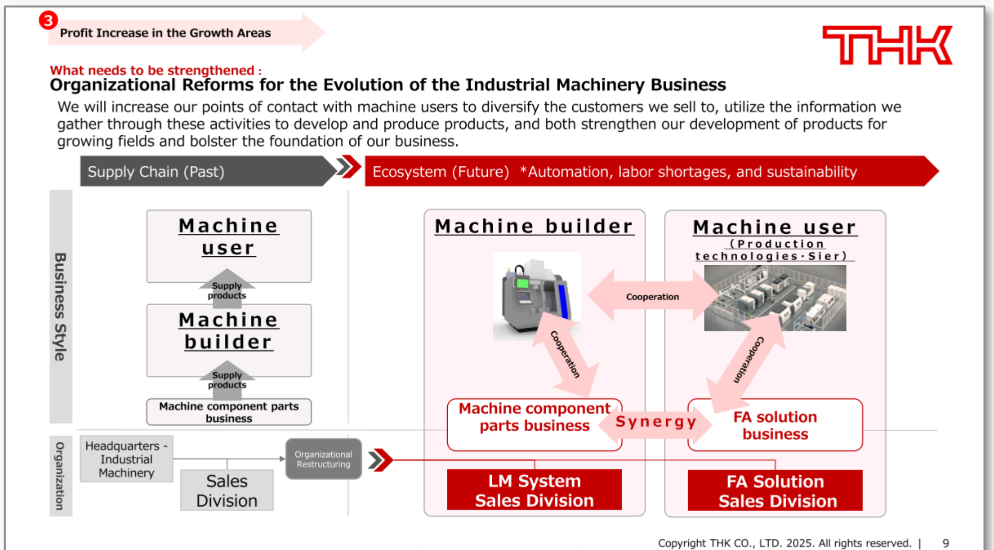



Source: THK Corporation: New Management Policy "Early Achievement of ROE Exceeding 10%" (February 12, 2025) Pages 2 and 6
https://www.thk.com/jp/wordpress/wp-content/uploads/2025/02/250212_New-Management-Policy_en.pdf

# Case 5 THK（6481）(ii)

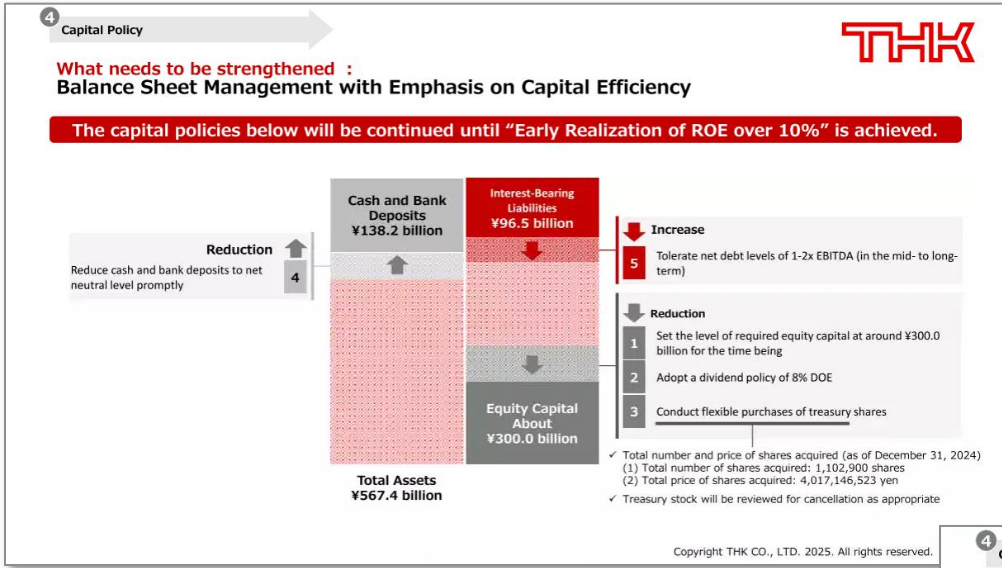


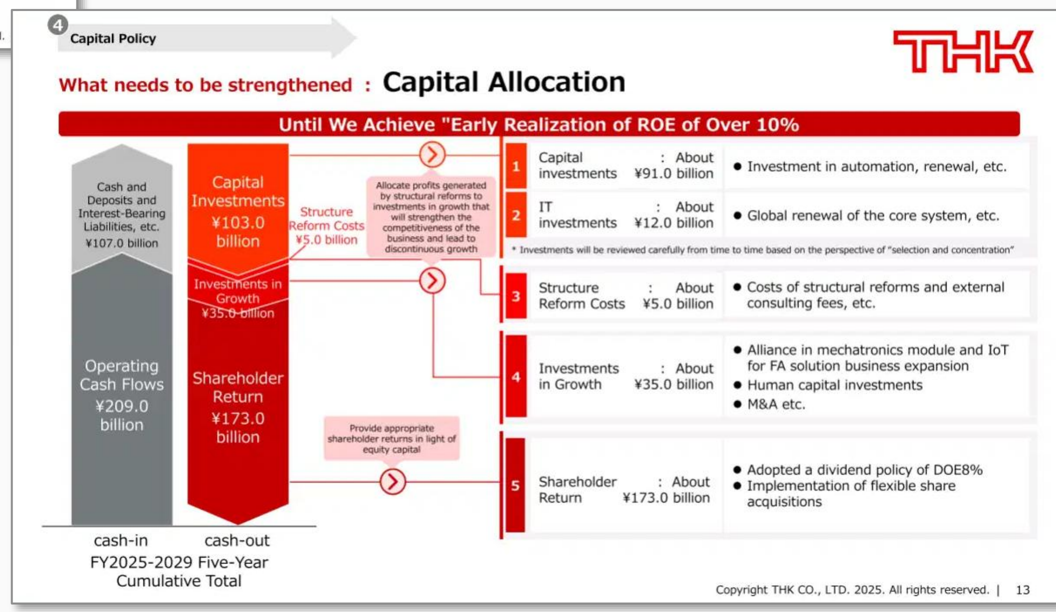




- Breaks down the path to improving operating profit into **specific initiatives, including business "selection and concentration."** **(→Point II.2 & Point II.5)**

Source: THK Corporation: New Management Policy "Early Achievement of ROE Exceeding 10%" (February 12, 2025) Pages 7-9
https://www.thk.com/jp/wordpress/wp-content/uploads/2025/02/250212_New-Management-Policy_en.pdf




- To enhance capital efficiency, **the company discloses specific policies on balance sheet management and capital allocation, detailing how current and future cash flows will be allocated between growth investments and shareholder returns.** **(→Point I.3 & Point II.2)**

Source: THK Corporation: New Management Policy "Early Achievement of ROE Exceeding 10%" (February 12, 2025) Pages 12 and 13
https://www.thk.com/jp/wordpress/wp-content/uploads/2025/02/250212_New-Management-Policy_en.pdf

# Ushio Electric（6925）(i)



## Published May 2024

Overview

### Basic Policies and Overview of New Growth Strategy (Phase I)

USHIO

**Redefine strategic areas and reinforce strategic focus areas while revamping business portfolio, emphasizing selection and concentration**

| | Strategies | Phase I (FY2024-2026) targets | FY2030 targets |
|---|---|---|---|
| Business strategies | Bolstering unprofitable businesses and revamping our business portfolio ▶ Details on P17-22 | • Proactively investing in priority businesses (areas) such as the IP business by optimizing the allocation of management resources while distinguishing unprofitable businesses in light of their future potential | ROE 12% or more<br>(Reference values)<br>Operating margin: 12% or more<br>Net sales: ¥200.0-¥250.0 billion |
| Business strategies | Expanding a promising IP business ▶ Details on P23 | • IP business:<br>Net sales for FY2023: ¥82.1 billion → FY2026: ¥110.0 billion → FY2030: ¥140.0-150.0 billion<br>Operating margin for FY2023: 13.2% → FY2026: 14% or more → FY2030: 18-20% | |
| Business strategies | Accelerating growth in the advanced packaging market ▶ Details on P24~25 | • Expanding the growth of lithography equipment in the IP business, a growth area, at a compound annual growth rate (CAGR) of 15% or more from FY2023 to FY2030 | |
| Business strategies | Policy on investing in development ▶ Details on P.26 | • Revising the plan for more balanced investing<br>• Prioritizing and expanding investment in the area of IPs, which is expected to grow and expand<br>• In PHS business and LS business (including new businesses), focusing on areas offering better growth prospects | |
| Financial strategies | Reviewing capital efficiency and the balance sheet ▶ Details on P.27-32 | • Seeking to achieve an ROE of 8% or more in FY2026 and achieving a PBR greater than 1 early on<br>• Plans to use ¥65.0–75.0 billion yen to repurchase shares and pay dividends, stipulating a minimum dividend of ¥70 per share<br>• Reducing securities holdings by at least ¥35.0 billion (plans are to reduce securities holdings by at least ¥15.0 billion in Phase II)<br>• Shareholders' equity shall be ¥200.0 billion or less | |

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## Voice of Investors

To improve capital efficiency, the company is promoting fundamental initiatives including business portfolio transformation. Their approach of disclosing detailed progress on these initiatives, actively engaging in dialogue with shareholders and investors, and being prepared to flexibly reassess them if challenges arise serves as a model example demonstrating the effectiveness and transparency of their efforts.

## Published May 2025

### Summary of Review of First Year of New Growth Strategy

USHIO

**Despite prolonged performance impact of semiconductor market downturn, progressed steadily with business portfolio revamping and other initiatives**

| | Strategies | | Phase I (FY2024-FY2026) targets — Summary of first year (FY2024) | Phase I (FY2024-FY2026) targets | FY2030 targets |
|---|---|---|---|---|---|
| Business strategies | ①Accelerating growth in the advanced packaging market | ○ | • Undertook forward investments as planned<br>• DLT system[*1] progressed toward contributing to revenues from FY2025 | ROE 8% or more<br>(Reference values)<br>Operating margin: 10% or more<br>Net sales: ¥195.0 billion | ROE 12% or more<br>(Reference values)<br>Operating margin: 12% or more<br>Net sales: ¥200.0-¥250.0 billion |
| Business strategies | ②Expanding a promising IP business | ▲ | • Sales progressed steadily on target<br>• Profitability improved from selecting key projects and exceeded initial targets<br>• The impact of a semiconductor market downturn should continue in FY2025 and beyond | | |
| Business strategies | ③Bolstering unprofitable businesses and revamping our business portfolio | ○ | • First-year progress was generally as planned<br>• Business selection efforts yielded tangible results<br>→ Streamlining operations through strategic business selection, reviewing investments in unprofitable businesses, prioritizing projects, etc. (see slide 11 for details) | | |
| Business strategies | ④Policy on investing in development | ○ | • Focused on paring development projects in unprofitable businesses<br>• In EUV business, curtailed some investments and reallocated resources to growth areas | | |
| Financial Strategies | ⑤Reviewing capital efficiency and the balance sheets | ○ | • Repurchased ¥30.0 billion in shares[*2] as planned<br>• Marketable securities sales (including of policy shareholdings) totaled ¥16.1 billion<br>• Reduced net assets by ¥36.4 billion | | |

○: On track ▲: In progress

[*1] DLT system: lithography equipment incorporating digital lithography technology developed through partnership with Applied Materials. Hereinafter referred to as the same
[*2] Including shares repurchased up to April 4, 2025

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- Summarizes the progress and challenges in the first year regarding the business and financial strategies outlined in their growth strategy, and explains them clearly. **(→Point III.4)**

Source: (Top left) Ushio Electric Co., Ltd. New Growth Strategy Revive Vision 2030 (May 14, 2024) Page 15
https://www.ushio.co.jp/documents/ir/library/plan/ushio_plan2024_e.pdf
(Bottom Right) Ushio Electric Co., Ltd. New Growth Strategy Phase I (FY2024–FY2026) Progress Report (May 13, 2025) Page 3
https://www.ushio.co.jp/documents/ir/library/plan/ushio_plan2025_e.pdf

# Ushio Electric（6925）(ii)

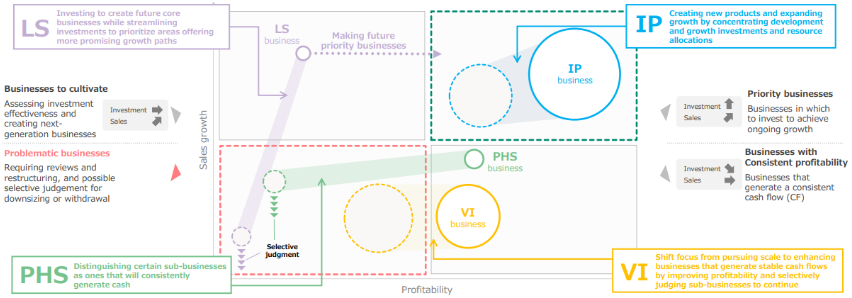
## Published May 2024

Business Strategy | Bolstering unpro

### Revamp of Business Portfolio for All Segments

···Present ···Goals for 2030 USHIO

| Expanding investment to encourage grow as a priority area | Cultivate by selectively judging areas in which to invest | Achieving consistent profitability by bolstering unprofitable businesses | |
|---|---|---|---|
| Industrial Processes (IP) | Life Sciences (LS) | Visual Imaging (VI) | Photonics Solutions (PHS) |

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- Regarding the status of business portfolio transformation outlined in the growth strategy, the company presents quantitative results and progress, while also specifying future directions. (→Point II.2 & Point III.4)

## Published May 2025

Business Strategies | Progress

### ③Bolstering unprofitable businesses and revamping our business portfolio

**FY2024: Generating savings (profit contribution) by revamping business portfolio whi also incurring one-time costs to drive growth**

| | Details | | Savings |
|---|---|---|---|
| Savings ¥3.1 billion | **Streamlining operations through strategic business selection** | Visual Imaging | ¥1.1 billion |
| | **Reviewing investments in unprofitable businesses** | Life Sciences, Photonics Solutions | ¥0.6 billion |
| | **Prioritizing projects** | New businesses, EUV business, etc. | ¥1.4 billion |

| | Details | | Costs |
|---|---|---|---|
| One-time costs ¥3.7 billion | **Bolstering financial position** Reviewing asset valuations to enhance future Profitability | Products and maintenance parts in Visual Imaging business | ¥3.2 billion |
| | **Reallocating resources to reorganize Assets** Assessing projects with low growth potential to reorganize related assets | Industrial Processes, Life Sciences, Photonics Solutions | ¥0.5 billion |

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Business Strategies | Direction

### ③Bolstering unprofitable businesses and revamping our business portfolio

USHIO

**FY2025-FY2026: Overview of structural reform action plan**

**Reach management targets for FY2026 and restore growth platform by prioritizing reforms to improve profit structure**

- Positioning FY2025 as phase for improving earnings structure, undertaking top-priority measures
- Thereby seeking to enhance profitability by cutting fixed costs by more than **¥7.3 billion** in FY2025-FY2026

| | | Key initiatives | Fixed cost reductions* | Reference slides |
|---|---|---|---|---|
| Measures to improve earnings | Measures to enhance profitability of underperforming businesses | **Industrial Processes**<br>◆ Constrain EUV development investments | ¥0.9 billion | See slide 6 and 18 |
| | | **Visual Imaging**<br>◆ Consolidate and downsize sites and streamline organizational management | ¥3.4 billion | See slide 14 |
| | | **Photonics Solutions**<br>◆ Review development projects | ¥0.4 billion | See slide 15 |
| | | **Life Sciences**<br>◆ Strengthen project monitoring and optimally allocate resources | ¥0.4 billion | See slide 16 |
| | Companywide measures | ◆ **Reduce fixed costs by expanding the second life support program** | ¥2.2 billion | See slide 25 |
| | | ◆ **Restructure management system to drive business growth** | - | See slide 17 |

* Fixed cost reductions reflects FY2026 amounts versus FY2024 baseline

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Source: (Left) Ushio Electric Co., Ltd. New Growth Strategy Revive Vision 2030 (May 14, 2024) Page 18
https://www.ushio.co.jp/documents/ir/library/plan/ushio_plan2024_e.pdf
(Right) Ushio Electric Co., Ltd. New Growth Strategy Phase I (FY2024–FY2026) Progress Report (May 13, 2025) Pages 11 and 13
https://www.ushio.co.jp/documents/ir/library/plan/ushio_plan2025_e.pdf

# Ushio Electric（6925）(iii)



## Published May 2024

Business Strategy | Policy on investing in development

### Development investment policy

USHIO

**Invest to achieve contributions to earnings in Phase II towards our goals for 2030.**
**However, more closely monitor investment periods and profit contribution and review investment area allocations annually.**
**Consider reviewing investment strategy for EUV under Industrial Processes, Visual Imaging, and Photonics Solutions in line with their business directions.**

| Billions of yen | Cumulative development investment (FY2024~2026) | Development investment details | | | Details Icons represent priority areas on P.19-22 |
|---|---|---|---|---|---|
| IP Industrial Processes | 28.0 | Lithography equipment | Approximately ¥15.0 billion | ●Develop and launch Digital Lithography System with Applied Materials<br>●Develop next-generation lithography equipment | IP1 See P.19 for details |
| | | EUV | Approximately ¥6.0 billion | ●Develop to enhance brightness and stability and reduce costs to enter High-NA area | IP3 See P/19 for details |
| | | Others | Approximately ¥7.0 billion | ●UV Lamp: Enhance illumination and service lives, Develop new lamps for emerging fields<br>●Semiconductor thermal processes: Innovate LED heating sources, etc. | IP2 See P.19 for details |
| VI Visual Imaging | 7.5 | Imaging equipment | Approximately ¥7.5 billion | ●Develop new products to provide high added value, etc. | VI1 See P.20 for details |
| LS Life Sciences | 8.5 | – | Approximately ¥8.5 billion | ●Invest in and cultivate products for promising areas<br>●Undertake initiatives to create promising businesses | LS1 See P.21 for details |
| PHS Photonics Solutions | 3.5 | – | Approximately ¥3.5 billion | ●Develop to expand product lineup and become more competitive | PHS1 See P.22 for det |
| **Total** | **47.5** | | | | |



- **Continuously reviews investment allocations and rebalances investment amounts based on the future prospects of each business. Discloses the specifics of these actions.** (→Point II.2 & Point III.4)

## Published May 2025

Business Strategies | Progress and direction

### ④Policy on investing in development

USHIO

**Undertake planned investments in areas offering strong growth potential, curtailing investments without growth potential, and keep strengthening project monitoring**

| (Billions of yen) | Cumulative development Investment (FY2024-FY2026) After review | Development investment details | | | | |
|---|---|---|---|---|---|---|
| | | Cumulative (FY2024-FY2026) | | | | |
| | | | Now | Difference from previous time | Previous time | Review details and direction |
| | | | Underlined figures are revised | | | |
| IP Industrial Processes | 22.0 | Lithography equipment | Approx. 15.0 | – | Approximately ¥15.0 billion | • As planned, keep developing next-generation lithography equipment offering solid growth potential |
| | | EUV | Approx. 3.0 | -3.0 | Approximately ¥6.0 billion | • Investments curtailed. Development investments to be reduced from FY2025 onward<br>• Keep only developing elemental technologies and validating promising projects |
| | | Others | Approx. 4.0 | -3.0 | Approximately ¥7.0 billion | • Focus investments on such promising areas as optical processing (thermal and excimer) and semiconductor inspection light sources<br>• Constrain other projects with poor prospects |
| VI Visual Imaging | 10.0 | Imaging equipment | Approx. 10.0 | -2.0 | Approximately ¥12.0 billion | • Pare development projects to focus on high-end models<br>Note: Corrected previous figure (from ¥7.5 billion to ¥12.0 billion) |
| LS Life Sciences | 6.0 | – | Approx. 6.0 | -2.5 | Approximately ¥8.5 billion | • Pare and constrain new business creation projects, and strengthen monitoring |
| PHS Photonics Solutions | 2.5 | – | Approx. 2.5 | -1.0 | Approximately ¥3.5 billion | • Curb investments by reviewing and terminating some projects |
| **Total** | 40.5 | | | -11.5 | ¥52.0 billion | |

 18

Source: (Top left) Ushio Electric Co., Ltd. New Growth Strategy Revive Vision 2030 (May 14, 2024) Page 26 (Red underlining added by TSE)
https://www.ushio.co.jp/documents/ir/library/plan/ushio_plan2024_e.pdf
(Bottom right) Ushio Electric Co., Ltd. New Growth Strategy Phase I (FY2024–FY2026) Progress Report (May 13, 2025) Page 18 (Red underlining added by TSE)
https://www.ushio.co.jp/documents/ir/library/plan/ushio_plan2025_e.pdf

Case 6

# Ushio Electric（6925）(iv)

TOPIX Mid400

Electrical Equipment

JPX

- **Provides a detailed explanation of the status and content of responses to requests and matters of interest raised by investors and shareholders.** (→Point III.3)



## Dialogue with Investors and Shareholders and Stock Price-Conscious Management

Ushio's price-to-book ratio (PBR) has generally remained below 1, making its improvement an urgent priority. This is especially important given our low return on equity (ROE), an indicator of capital efficiency, and is essential to increase market confidence in our medium- to long-term growth.

In response, we are implementing various measures to quickly restore our PBR to above 1, as outlined in our New Growth Strategy announced in May 2024. Specifically, we have designated ROE as our most important KPI, with targets of 8% or more by fiscal 2026 and 12% or more by fiscal 2030. Alongside driving earnings growth, we are committed to maintaining strict financial discipline and optimizing our balance sheet, including reducing equity.

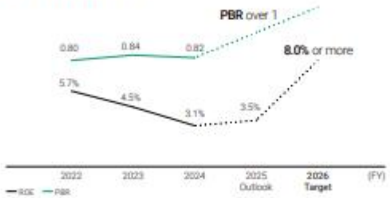
Furthermore, by having the CEO essentially take on the role of CFO, we aim to achieve sustainable growth by revamping our business portfolio to improve our earnings structure and making steady investments in growth businesses, while continuing the financial strategy established by the CEO as CFO prior to appointment.

We will continue to take market feedback and opinions seriously, striving to enhance our corporate value through appropriate IR activities.

### Stance to Boost PBR


Note: Cost of shareholders' equity: Approximately 7%
Estimated weighted average cost of capital (WACC): Approximately 6%

### ROE and PBR Trends




### Policy for Dialogue with Investors and Shareholders

Under our Policy on Constructive Dialogue with Shareholders, we strive to actively disclose information and promote constructive dialogue through various channels, such as our general shareholders' meeting, financial results briefing, individual meetings, and site tours.

Feedback received from investors and shareholders through these dialogues is reported regularly in a timely and appropriate manner to the Board of Directors and Executive Council, and is used to make improvements to our management and IR activities.

Please refer to our IR Policy for information on our IR activity policy, including our Policy on Constructive Dialogue with Shareholders.
https://www.ushio.co.jp/en/ir/management/irpolicy/

#### Activities in FY2024

| Dialogue with Investors and Shareholders | Times | Details of Activities |
|---|---|---|
| Financial results briefings | 4 | Quarterly financial results briefings were held. The President and Chief Executive Officer attended, presented, and answered questions |
| Medium- to long-term management strategies briefings (including progress updates) | 1 | The President and Chief Executive Officer attended, presented, and answered questions |
| Attendance at conferences hosted by securities companies | 4 | The President and Chief Executive Officer, along with the investor relations department, attended and engaged in dialogue with parties such as overseas institutional investors |
| Individual meetings (including small group meetings) | 244*1 | The director in charge of investor relations (President and Chief Executive Officer) and the investor relations department led dialogues |
| Company briefings for individual investors | 2 | The President and Chief Executive Officer attended, gave a presentation, and answered questions |
| Individual dialogues with institutional investors responsible for exercising voting rights | 13 | The investor relations department and other relevant departments led dialogues |
| Plant tours | 0 | The investor relations department and relevant business division managers led these tours. However, no such tours were held in FY2024. |

*1 199 for institutional investors and 45 for sell-side analysts



#### Recent Key Requests and Concerns, and Ushio's Responses

| Request, Concern, Etc. | Response | Details |
|---|---|---|
| Initiatives to improve return on equity (ROE) and achieve PBR greater than 1 | Underway | We announced our New Growth Strategy, Revive Vision 2030 (hereinafter, New Growth Strategy) in May 2024, and steadily implemented each measure as planned in fiscal 2024. However, we have not reached a PBR of over 1. We will continue to enhance our business strategy, financial strategy, and ESG management, aiming to achieve an ROE of 8% or more in Phase I (fiscal 2024–2026) and a PBR greater than 1 at an early stage. Please refer to P24–43 for details on our New Growth Strategy, and P41–43 for details on our financial strategy initiatives. |
| More specific medium- to long-term growth strategies | Underway | In the New Growth Strategy announced in May 2024, we developed highly effective business and financial strategies and are currently steadily implementing each measure to achieve our management targets for ROE (Phase I (fiscal 2026): ROE of 8% or more, Phase II (fiscal 2030): ROE of 12% or more). Please refer to P24–43 for details on our New Growth Strategy, our medium- to long-term growth plan. |
| Handling of unprofitable and underperforming businesses | Partially complete | Building on our business portfolio revamp policy, a key pillar of our New Growth Strategy, we implemented various measures in fiscal 2024, improving profits by reducing costs by ¥3.1 billion compared to the plan. Moving forward, we will continue to develop and execute specific structural reform action plans to fundamentally improve the profitability of unprofitable and low-profit businesses. During the remaining two years of Phase I, fiscal 2025 and 2026, we aim to reduce fixed costs by more than ¥7.3 billion and steadily increase profits. Please refer to P29–40 for details on our business portfolio revamp initiatives. |
| Potential for growth of businesses centering on semiconductors | Underway | In fiscal 2024, we made forward investments in the DLT system and developed next-generation lithography equipment in preparation for future growth. Meanwhile, the semiconductor market, excluding generative AI semiconductors, remains sluggish with difficult market conditions expected to continue in fiscal 2025. However, growth potential of the advanced packaging market remains intact, and we anticipate contributions from the newly introduced DLT system, developed through a strategic partnership with Applied Materials starting in fiscal 2025. We will also continue focusing on the thermal processes field to drive growth and expansion. Please refer to P26–39 for details on our semiconductor-related business strategy. |
| Progress on new advanced packaging products (DLT system) | Underway | Since partnering with Applied Materials, we have made forward investments as planned in fiscal 2024, and expect to record sales in the second half of fiscal 2025. While potential customers have responded positively to its features, concerns about the worsening macroeconomic environment and cautious attitudes toward technological trends in generative AI semiconductors have delayed investment decisions in some projects. Nonetheless, our outlook for growth in the medium to long term remains unchanged, and we will continue to provide timely updates to our shareholders and investors. Please refer to P14–17 for details on our initiatives initiatives in the advanced packaging field. |
| Feasibility of achieving an increase of ¥10.2 billion in operating profit from expanded sales of lithography equipment in fiscal 2026 | Underway | In fiscal 2026, with the growth of generative AI semiconductors, we expect to see a resumption of investment in substrates, which had been postponed, and an expansion of digital lithography equipment, which will begin sales in fiscal 2025. This is projected to improve production operations and lead to a significant increase in operating profit of ¥10.2 billion from higher sales of advanced packaging-related lithography equipment. We are closely monitoring market trends and carefully assessing project feasibility, and will continue working steadily to achieve our goals. |
| Future direction of EUV business | Complete | After reviewing our strategy in response to the emergence of other companies' light sources, we have decided to temporarily halt development of specific applications and focus on elemental technologies. We have significantly reduced development investments while maintaining service for existing EUV light sources. We will continue developing elemental technologies and exploring new possibilities for Ushio's EUV light sources. |
| Feasibility and timing of returns on development costs in business results in future | Underway | To concentrate resources on the Industrial Processes (IP) business in accordance with our New Growth Strategy, we revised our consolidated development investment plan for fiscal 2024–2026 from the initial ¥52.0 billion to ¥40.5 billion (a reduction of ¥11.5 billion). We are enhancing monitoring and prioritizing efficient investments in projects with high feasibility. We aim for businesses outside Life Sciences (LS) to contribute to our earnings as early as fiscal 2026 onwards, and although commercialization of projects in the LS business will take time, we expect them to contribute as early as fiscal 2027. Please refer to P41 for details on development investments in our New Growth Strategy. |
| Cutting of financial assets (including cross-shareholdings) | Partially complete | As part of our New Growth Strategy, we sold securities*2 worth ¥16.1 billion in fiscal 2024. We will continue to reduce our holdings, aiming for zero by the end of fiscal 2030. We plan to sell approximately ¥35.0 billion in Phase I (fiscal 2024–2026) and over ¥15.0 billion in Phase II (fiscal 2027–2030). Please refer to P42–43 for details on our financial asset reduction policy. |
| Introduction of ROIC management | Under consideration | We are selecting and evaluating existing and new businesses with consideration of WACC and ROIC. However, this approach has not yet been fully systematized on a company-wide level. Moving forward, we will continue addressing issues, including improving our management accounting system and promoting internal understanding, to implement ROIC management in a way that is effective for improving management efficiency. |
| Human capital strategies for New Growth Strategy | Partially complete | In line with our policy of focusing on the IP business, we are shifting human resources to that business. In fiscal 2024, we carefully reviewed and narrowed projects across all segments and assessed resource allocation to ensure appropriateness, resulting in the redeployment of some personnel to the advance packaging business. We also expanded the Second Life Support Program at Ushio Inc. and are working to improve management efficiency by controlling labor costs and optimizing the organizational structure. Please refer to P22–32 and P64–67 for details on the human capital strategy of our New Growth Strategy. |
| Effectiveness evaluation of Board of Directors | Partially complete | We are enhancing the disclosure of evaluations of the effectiveness of our Board of Directors to improve the transparency and quality of our management, secure the trust of stakeholders, strengthen compliance with laws and regulations, and risk management, and promote sustainable growth. These efforts are reflected in this year's integrated report. Please refer to P50–51 and P81 for messages from our outside directors and P78 for details on our evaluation on the effectiveness of the Board of Directors. |

*2 Cash flows from the sale of cross-shareholdings, long-term bonds, and net investment securities





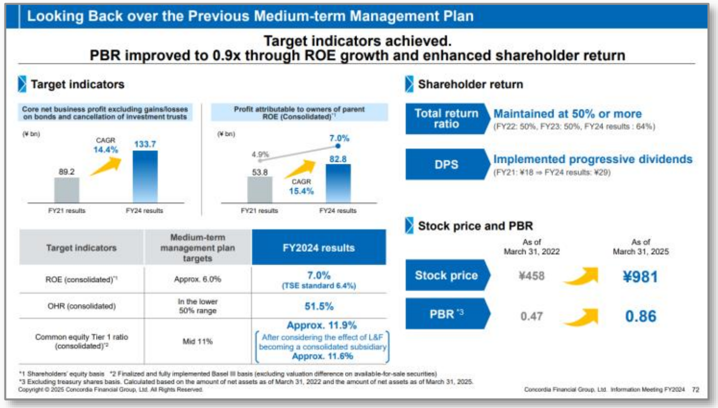
Source: Ushio Electric Co., Ltd. Ushio Report 2025 (Fiscal Year Ending March 2025), Pages 26 and 27
https://www.ushio.co.jp/documents/ir/library/ushioreport/ushioreport_2025_en/ushioreport_2025_e.pdf

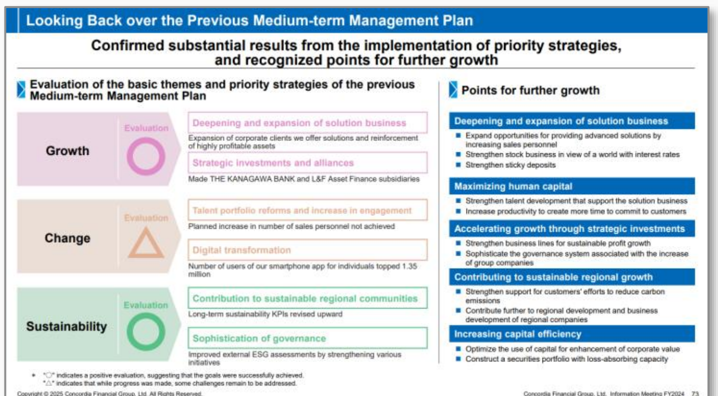
# Yokohama Financial Group, Inc. (7186) (i)

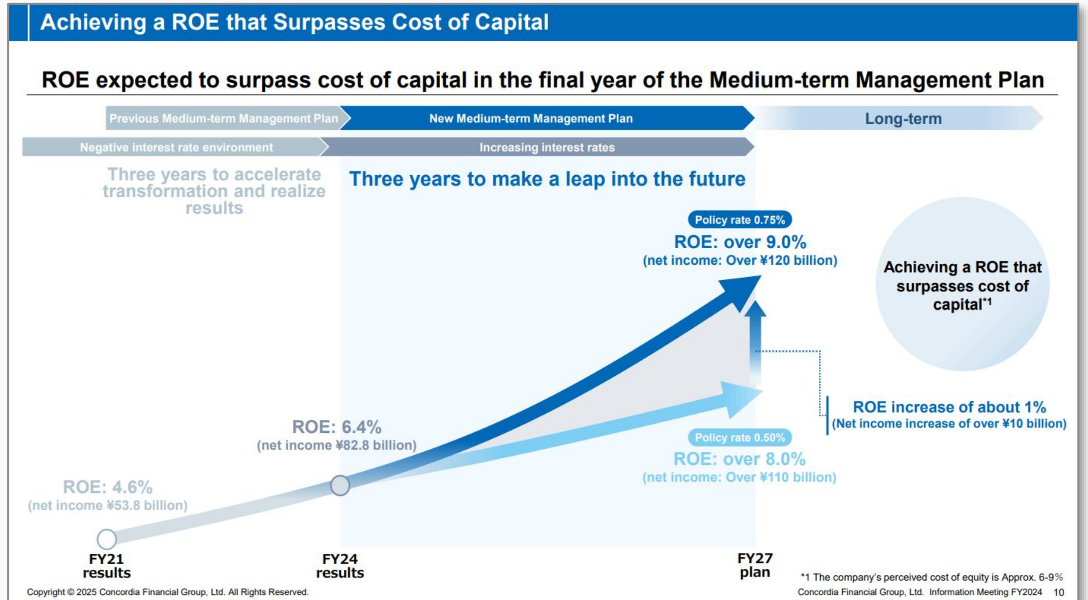


## Voice of Investors

**Following a review of the previous medium-term management plan, the company identified challenges and, in the new plan, disclosed a higher ROE target along with concrete measures for achieving it. Scenario-based target values for policy rates have been presented, making it easier to assess corporate value under varying external conditions. Furthermore, the company has explained each measure after organizing them in a logic tree that illustrates how they contribute to enhancing corporate value, resulting in a convincing disclosure regarding effectiveness.**

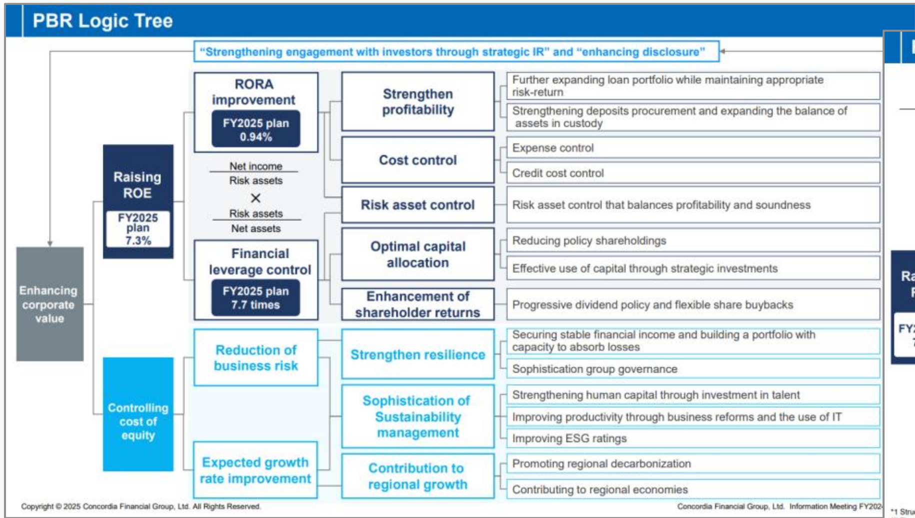


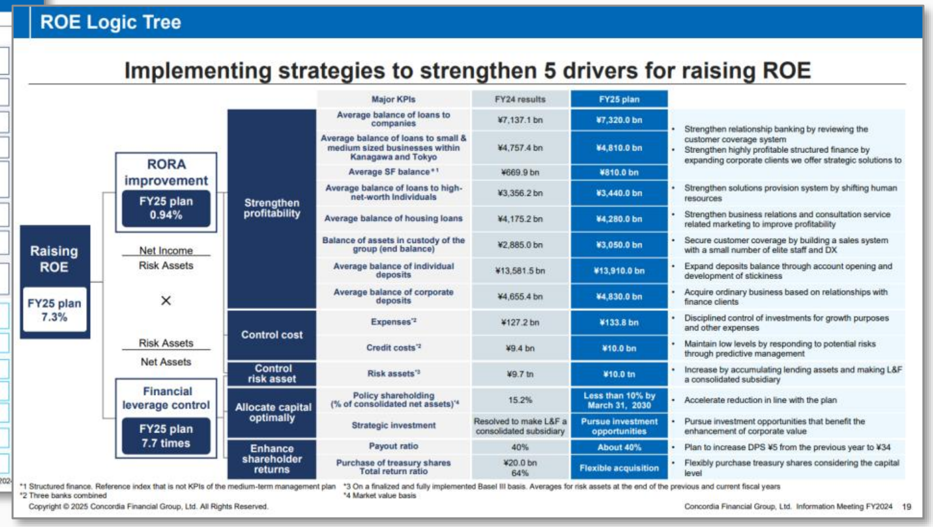



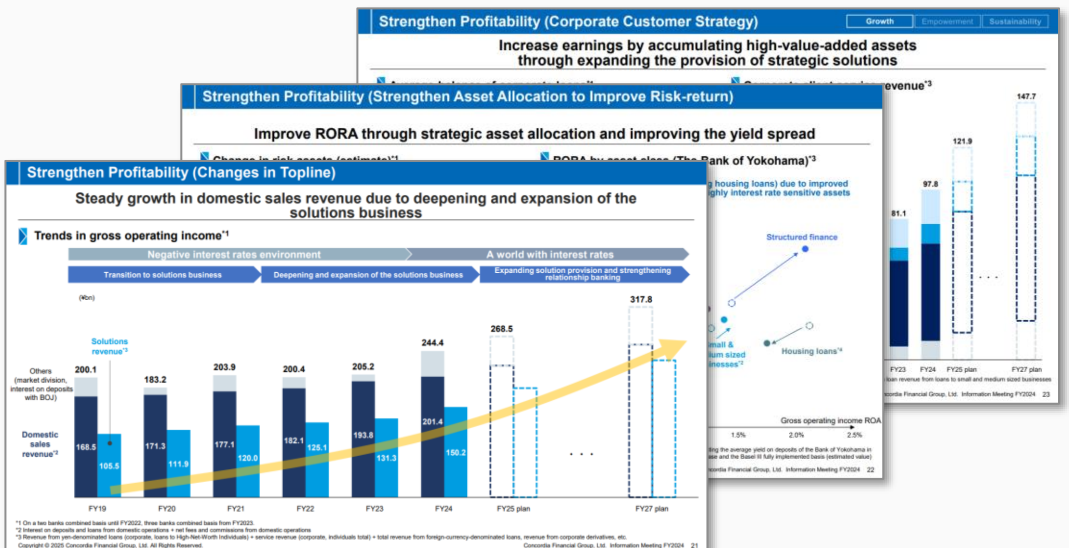




- **The company reviewed the previous medium-term management plan to identify issues, and in the new plan, disclosed a higher ROE target along with initiatives to achieve it. The company presented target values based on scenarios for policy rates, which have a significant impact on performance.** (→Points I. 2, II. 1, and III. 4)

Source: Concordia Financial Group, Ltd., Information Meeting(Interim Financial Results of the FY2024 and Initiatives to enhance corporate value) (May 22, 2025), Pages 10, 72, 73
https://ssl4.eir-parts.net/doc/7186/ir_material_for_fiscal_ym13/179531/00.pdf




- The company presented a full overview using a logic tree to illustrate how each initiative contributes to enhancing corporate value, followed by detailed explanations of individual initiatives. (→Point II. 5)

Source: Concordia Financial Group, Ltd., Information Meeting(Interim Financial Results of the FY2024 and Initiatives to enhance corporate value) (May 22, 2025), Pages 18, 19, 21–23
https://ssl4.eir-parts.net/doc/7186/ir_material_for_fiscal_ym13/179531/00.pdf

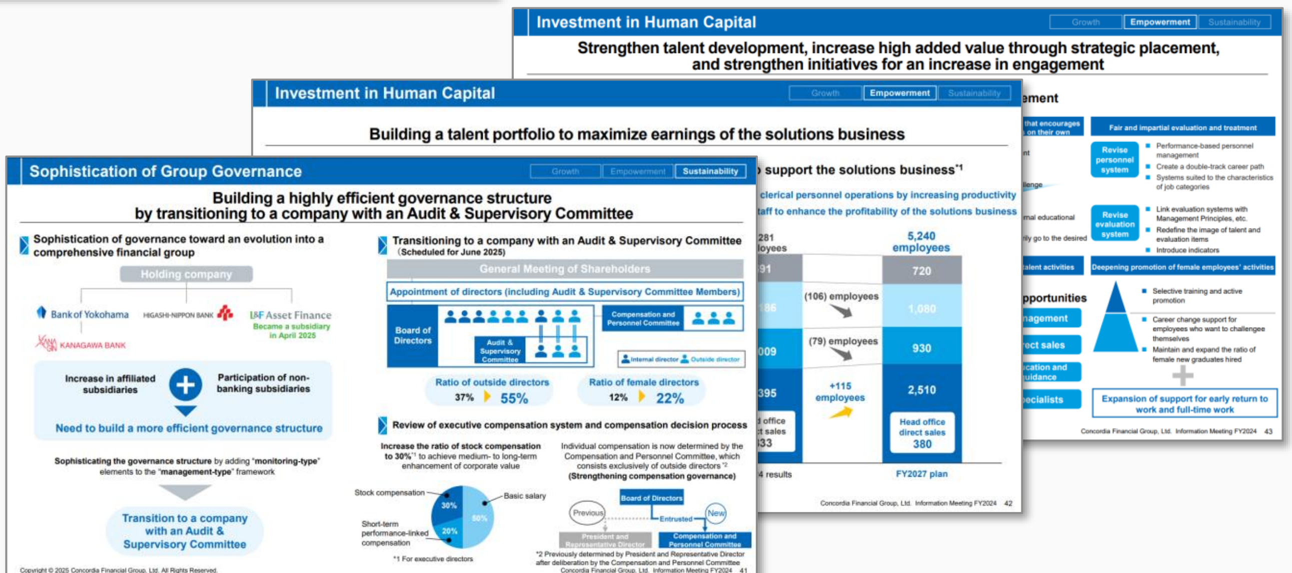
## PBR Logic Tree (Controlling Cost of Equity)

Controlling cost of equity → Reduction of business risk / Expected growth rate improvement

| | Key KPIs | FY24 results | FY25 plan | |
|---|---|---|---|---|
| Strengthen resilience | Market division realized gains/losses rate | (0.4%) | 1.0% in FY27 | Improve realized gains/losses ratio by securing stable interest and dividend income based on individual investment strategies and capital income through flexible operation. |
| Sophistication of Sustainability management | Solutions revenue per person | ¥0.1 bn | ¥0.12 bn | Improve solutions revenue per person through enhanced human resource development and data-driven strategic personnel allocation. |
| | Number of sales personnel | 2,395 | 2,430 | Streamline head office and administrative personnel by improving productivity and increase sales personnel. |
| | Total attractiveness of the company (employee attitude survey) | 3.40 | 3.40 or above | Improve engagement through fostering an organizational culture that encourages employees to take on challenges on their own and fair and equitable evaluation and compensation. |
| | Work volume reduction | - | 70,000 hours | By implementing productivity reforms such as working method reform and reviewing business processes, we will reduce workload and create more time to meet customers directly |
| | External evaluation indicators | - | 5 indicators achieved in FY27 | Maintain inclusion in ESG index through sophistication of sustainability management and enhanced disclosure. |
| Contribution to regional growth | Number of initiatives to resolve local community issues | - | 10 by the end of FY27 | Using diverse networks to strengthen efforts to resolve local community issues |
| | Sustainable finance (cumulative) | ¥3.0 tn | ¥3.2 tn | Strengthen support for customers' decarbonization through strengthening engagement in the automobile and parts sectors and the sophistication of solutions provided according to the phase of decarbonization initiatives. |
| | Reduction of in-house GHG emissions rate (cumulative) | 86% (estimate) | 87% | Promote the use of renewable energy to reduce our own GHG emissions |


Concordia Financial Group, Ltd. Information Meeting FY2024 40

- The company used a logic tree to show the impact of each initiative on reducing the cost of capital, followed by a detailed explanation of individual measures. (→Points II. 3 and II. 5)




• • •

Source: Concordia Financial Group, Ltd., Information Meeting(Interim Financial Results of the FY2024 and Initiatives to enhance corporate value) (May 22, 2025), Pages 40–43
https://ssl4.eir-parts.net/doc/7186/ir_material_for_fiscal_ym13/179531/00.pdf

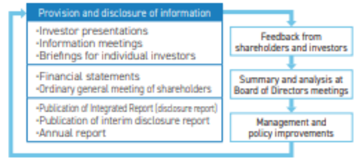
## TOPIC Communication with Shareholders and Investors

We strive to disclose information in a manner that is easy to understand so that shareholders and investors can understand the Group's operations and financial conditions and make appropriate judgments about the soundness of its management. In addition, the Company places importance on opportunities for dialog with shareholders and investors. We have established a policy for initiatives to promote constructive dialog and strive for proactive communication. In April 2022, we established the Corporate Communication Office in the Corporate Planning Department in order to strengthen disclosure of information, including non-financial information, and dialog with shareholders and investors.

In FY2024, we strengthened our approach to overseas investors by increasing participation in IR conferences sponsored by securities companies and steadily implemented measures for individual investors. In addition, the number of meetings with shareholders, institutional investors and analysts and the number of participants at briefing sessions significantly exceeded those of the previous fiscal year.

We held IR Days, a management strategy briefing, twice, during which the President and Representative Director, officers in charge, general managers in charge of front-line operations and outside directors explained the solutions business and corporate governance.

Comments and requests received during these dialogues are reported to the Board of Directors and management in a timely and appropriate manner. In addition to reporting at the July and January Board of Directors meetings, the IR department provides feedback in the form of reports to the directors and executive officers on a weekly basis.



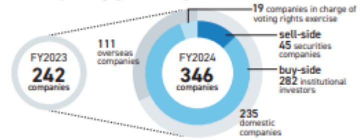

### Achievements

| General Meeting of Shareholders (9th period) | Financial Results Briefing (for analysts and institutional investors) | IR Day (Management Strategy Briefing) | Number of meetings with analysts and institutional investors | Briefings for individual investors |
|---|---|---|---|---|
| Number of participants: About 260 (including online participation) | Number of briefings held: 4<br>Number of participants: About 400 | Number of briefings held: 2<br>Number of participants: 110 | Total of 346 companies | Number of briefings held: 1<br>Number of participants: About 2,300 |

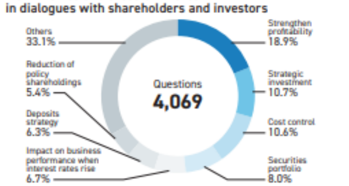
### Major respondents and achievements in dialogues with shareholders and investors

| Respondent | Achievements |
|---|---|
| President and Representative Director | General Meeting of Shareholders, financial results briefings (2 times), IR Day (2 times), dialogues with domestic and overseas institutional investors, etc. (39 times), briefings for individual investors (1 time) |
| Representative Directors | General Meeting of Shareholders, financial results briefings (2 times), quarterly financial results briefings (2 times), IR Day (2 times), dialogues with domestic and overseas institutional investors, etc. (93 times) |
| Corporate Planning Department (responsible for IR) | Dialogues with domestic and overseas institutional investors, etc. (IR 180 times), dialogues with shareholders (SR 18 times) |

### Summary of shareholders, institutional investors, and analysts engaged in dialogues




### Main themes and areas of interest in dialogues with shareholders and investors




* The total number of questions from investors interviewed between April 1, 2024 and December 27, 2024

### Responses to opinions from shareholders and investors

| Main opinions | Responses |
|---|---|
| Should explain deposit strategies and related initiatives as acquiring deposits becomes important | Disclosed a strategy for acquiring sticky deposits in the new medium-term management plan |
| It is important to explain the process of strategic human capital investment and effectiveness measurement | Clarified the human resource strategy and KPIs, including productivity improvement measures aimed at securing sales personnel |
| The plan to reduce policy shareholding is insufficient and should be updated | Updated and disclosed the reduction plan |
| Should consider raising the payout ratio and disclosing the total return ratio target | Explained the expansion of the scope for shareholder returns and strategic investments by reviewing the capital level at IR Day |

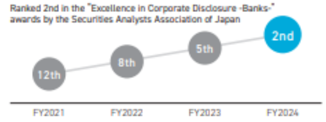
### External evaluation

2024 IR Best IR Award

Received the IR Award from the Japan Investor Relations Association (as the first regional bank)

SAAJ The Securities Analysts Association of Japan

Ranked 2nd in the "Excellence in Corporate Disclosure -Banks-" awards by the Securities Analysts Association of Japan




< 40 >

- The company provided a detailed explanation of the status of dialogues with investors. It updated initiatives and disclosures based on investor feedback and disclosed the updated content as well. (→Point III. 3)

Source: Concordia Financial Group, Ltd., INTEGRATED REPORT 2025, Page 40
https://ssl4.eir-parts.net/doc/7186/ir_material_for_fiscal_ym14/187828/00.pdf

# AISIN CORPORATION (7259) (i)

## Voice of Investors

**By incorporating shareholder and investor feedback into management and internal discussions, the company refined its initiatives and disclosures by strengthening the disclosure of business strategy progress, increasing the proportion of stock-based compensation in executive remuneration, clarifying the direction of growth investments and shareholder returns, and other measures. These efforts convey the company's sincere commitment to meeting investor expectations and enhancing corporate value.**

### Social and Relational Capital (Dialogue With Shareholders And Investors)

Aisin works to gain understanding of its management policies and medium-to-long-term business strategies through timely and appropriate disclosure of enhanced information.
We also pursue corporate value enhancement by reflecting in our management policies opinions and requests received through dialogue with shareholders and investors.

#### Dialogue results (FY2025)

| Main opportunities for dialogue | Number of events | Total number of participants | Main respondents | Agenda |
|---|---|---|---|---|
| Financial results briefings | 4 | 1,843 | CAO, officers in charge of IR | Held quarterly for analysts and institutional investors to explain financial results |
| Business briefings | 1 | | President, CAO, CTSO, officers in charge of IR | Held a "Technology and Test Drive Experience Event: Electrification and Intelligence" event for analysts at the Toyokoro Test Site in August 2024 |
| Individual meetings | 334 | | CAO, officers in charge of IR, Corporate Planning Department | Arranged face-to-face and online sessions for analysts and institutional investors (including proxy voting agents) as needed |
| Public offering roadshows | 44 | | CAO, officers in charge of IR | Maintained IR-related dialogue with domestic and international institutional investors (including via online meetings) following the public offering in June 2024 |
| Overseas roadshows | 14 | | Officers in charge of IR | Directly visited overseas institutional investors and held meetings |
| Briefings for individual investors | 7 | 3,711 | Officers in charge of IR | Held briefings at securities brokerage branches and online company briefings for individual investors |


#### Key themes for dialogue, shareholder and investor concerns

We maintain dialogue on a wide range of topics, including automotive market trends, the regional demand outlook for our products, progress with transforming our business portfolio, and ESG initiatives.

**Key themes, shareholder and investor concerns**

| | |
|---|---|
| Performance-related themes | •Automotive market trends and demand outlook<br>•Assumptions and rationale for earnings forecasts (e.g., tariff impact projections)<br>•Detailed disclosure of product-specific sales revenue |
| Management Strategy & Business Strategy | •Long-term market environment and technology trends<br>•Progress on medium-to-long-term business strategy and medium-term management plan<br>-Progress with business portfolio transformation<br>-Powertrain business strategy response to changes in the automotive market |
| ESG and sustainability | •Climate change countermeasures<br>•Initiatives related to human capital, diversity, and human rights<br>•Corporate governance<br>(Board composition, skills matrix, executive compensation system, etc.) |
| Financial strategy | •Capital allocation policy (including status of growth investments)<br>•Shareholder return policy (including approach to share buybacks)<br>•Progress with balance sheet reform (including unwinding of strategic shareholdings) |

#### Agenda items incorporated based on feedback to management and dialogue with shareholders and investors

Opinions and requests received from shareholders and investors are reported at Board of Directors and Management Committee meetings and widely shared with relevant internal departments to improve management and IR/SR activities.

**Agenda items taken up based on dialogue**

| | |
|---|---|
| Performance-related themes | •Disclosed FY2026 earnings forecasts discounting tariff impact amid uncertain external outlook(Featured in the Tokyo Stock Exchange's June 2025 Examples of Disclosure Regarding the Impact of U.S. Tariff Measures")<br>•Driving internal initiatives directed at detailed disclosure of product-specific sales |
| Management Strategy & Business Strategy | •Held an event titled Technology and Test Drive Experience Event: Electrification and Intelligence to spread understanding of the current state of R&D pertaining to electrification and intelligent technologies.<br>•In response to requests regarding risks and opportunities arising from recent changes in the automotive market environment, strengthened disclosure of progress on medium-to-long-term business strategies and business opportunities that manifested themselves (automatic transmissions, HEVs). |
| ESG and sustainability | •Implemented the following initiatives to further advance sustainability management:<br>-Comprehensive review of ESG and other materiality issues<br>-Revision of skills matrix and changes to the composition of independent outside directors' membership<br>-Increase in the proportion of directors' stock-based compensation relative to total remuneration<br>•Disclosed the magnitude of financial impact due to climate change (large, medium, small) |
| Financial strategy | •Disclosed direction regarding further investment and additional shareholder returns<br>•Implemented share buybacks as part of our policy to reduce cost of capital |

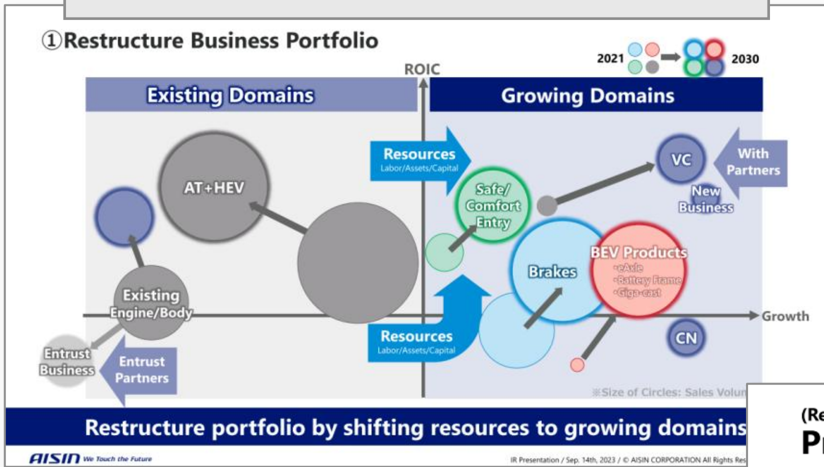
- **Feedback obtained through dialogue with shareholders and investors has been shared with management and across the organization. The company refined its initiatives and disclosures by strengthening the disclosure of business strategy progress, increasing the proportion of stock-based compensation in executive remuneration, further clarifying the direction of growth investments and shareholder returns, and other measures.** (→Points III. 3 and III. 4)

Source: AISIN CORPORATION, Integrated Report 2025 (October 31, 2025), Page 45 (Red frame and underlines added by TSE)
https://www.aisin.com/en/sustainability/report/pdf/aisin_ar2025_en_a3.pdf

# AISIN CORPORATION (7259) (ii)

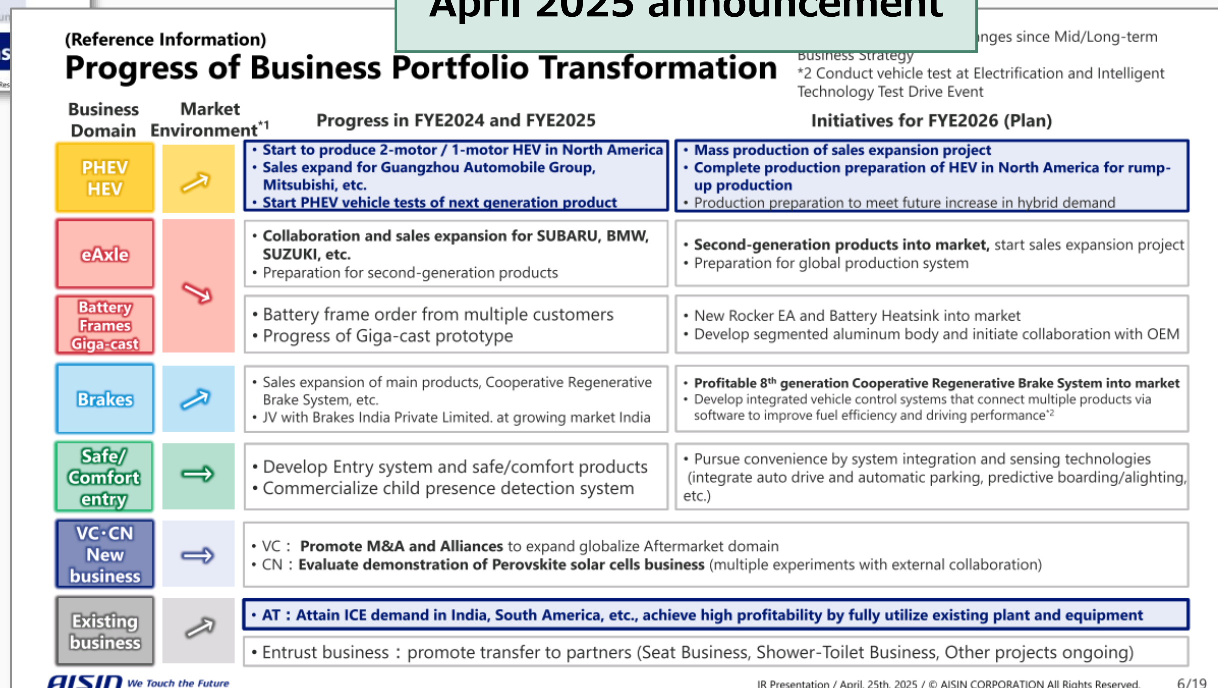


## September 2023 announcement




- Based on investors' areas of interest, the company provided concrete disclosures on the progress of its business portfolio reform, together with upcoming initiatives. **(Points II. 2 and III. 4)**

## April 2025 announcement



(Reference Information)

### Progress of Business Portfolio Transformation

*1 Changes since Mid/Long-term Business Strategy
*2 Conduct vehicle test at Electrification and Intelligent Technology Test Drive Event

| Business Domain | Market Environment*1 | Progress in FYE2024 and FYE2025 | Initiatives for FYE2026 (Plan) |
|---|---|---|---|
| PHEV HEV | ↗ | • **Start to produce 2-motor / 1-motor HEV in North America**<br>• **Sales expand for Guangzhou Automobile Group, Mitsubishi, etc.**<br>• **Start PHEV vehicle tests of next generation product** | • **Mass production of sales expansion project**<br>• **Complete production preparation of HEV in North America for rump-up production**<br>• Production preparation to meet future increase in hybrid demand |
| eAxle | ↘ | • **Collaboration and sales expansion for SUBARU, BMW, SUZUKI, etc.**<br>• Preparation for second-generation products | • **Second-generation products into market,** start sales expansion project<br>• Preparation for global production system |
| Battery Frames Giga-cast | ↘ | • Battery frame order from multiple customers<br>• Progress of Giga-cast prototype | • New Rocker EA and Battery Heatsink into market<br>• Develop segmented aluminum body and initiate collaboration with OEM |
| Brakes | ↗ | • Sales expansion of main products, Cooperative Regenerative Brake System, etc.<br>• JV with Brakes India Private Limited. at growing market India | • **Profitable 8th generation Cooperative Regenerative Brake System into market**<br>• Develop integrated vehicle control systems that connect multiple products via software to improve fuel efficiency and driving performance*2 |
| Safe/ Comfort entry | → | • Develop Entry system and safe/comfort products<br>• Commercialize child presence detection system | • Pursue convenience by system integration and sensing technologies (integrate auto drive and automatic parking, predictive boarding/alighting, etc.) |
| VC・CN New business | → | • VC： **Promote M&A and Alliances** to expand globalize Aftermarket domain<br>• CN：**Evaluate demonstration of Perovskite solar cells business** (multiple experiments with external collaboration) | |
| Existing business | ↗ | • **AT：Attain ICE demand in India, South America, etc., achieve high profitability by fully utilize existing plant and equipment** | |
| | | • Entrust business：promote transfer to partners (Seat Business, Shower-Toilet Business, Other projects ongoing) | |

AISIN We Touch the Future
IR Presentation / April. 25th, 2025 / © AISIN CORPORATION All Rights Reserved. 6/19

Source: AISIN CORPORATION
(Top left) Mid/Long-term Business Strategy Briefing 2023 (September 14, 2023), Page 33
https://www.aisin.com/en/investors/settlement/uploads/Mid%20Long-term%20IR_presentation_en.pdf
(Bottom right) Progress of the Medium-Term Plan and Initiatives to Enhance Corporate Value (April 25, 2025), Page 6
https://www.aisin.com/en/investors/business-briefing/uploads/fy2025_q4_presentation-b-e_3.pdf

# AISIN CORPORATION (7259) (iii)

(4) Executive remuneration, etc.

(i) Matters related to the policy on determining the amount or calculation method of executive remuneration

The Company's policy for determining the remuneration, etc., for individual Directors (hereinafter referred to as the "determination policy") is determined by the Board of Directors based on the deliberations of the Executive Nomination and Compensation Committee, chaired by an independent outside director and composed of a majority of independent outside directors.

To further enhance incentives in line with the following basic principles, the Company revised its "determination policy" by resolution of the Board of Directors held on March 26, 2025.

<Main revisions to the "determination policy">

Increase in the proportion of stock-based remuneration within total remuneration for Directors

| Item | Before revision | After revision |
|---|---|---|
| Composition of Directors' remuneration | Monthly remuneration : Bonuses : Stock-based remuneration 40% : 30% : 30% | Monthly remuneration : Bonuses : Stock-based remuneration 25% : 25% : 50% |

(Basic approach)

The Company's executive remuneration system is designed according to the following principles:

i) Remuneration shall motivate executives to work toward achieving our Group Philosophy and management policies.

ii) Remuneration shall reflect the responsibilities, achievements, etc., of each executive.

iii) Remuneration shall reflect the business environment and short-term and medium- to long-term performance of the Group and encourage executives to enhance corporate value and manage business from the same perspective as shareholders.

(Remuneration structure)

As Directors (other than Outside Directors) are in charge of executing the operations of the Company, their remuneration comprises a fixed monthly remuneration along with performance-linked bonuses and stock-based remuneration. Specifically, the percentages of monthly remuneration, bonus, and stock-based remuneration to the base amount for Directors are set at roughly 25%, 25%, and 50%, respectively. Higher percentages for performance-linked remuneration are set, depending on the Director's title. However, depending on the level of profits, the actual remuneration may differ from the above proportions.

As Outside Directors and Audit & Supervisory Board members are responsible for providing supervision and advice on business management or auditing the performance of business from an independent standpoint, they receive only a monthly remuneration with no bonus or stock-based remuneration.

**Remuneration structure for Directors (excluding Outside Directors)**

| | Fixed remuneration | Performance-linked remuneration | |
|---|---|---|---|
| | | Short-tem | Long-term |
| Remuneration structure | Monthly remuneration 25% | Bonus 25% | Stock-based remuneration 50% |
| Form of payment | Cash | Cash | Stock |

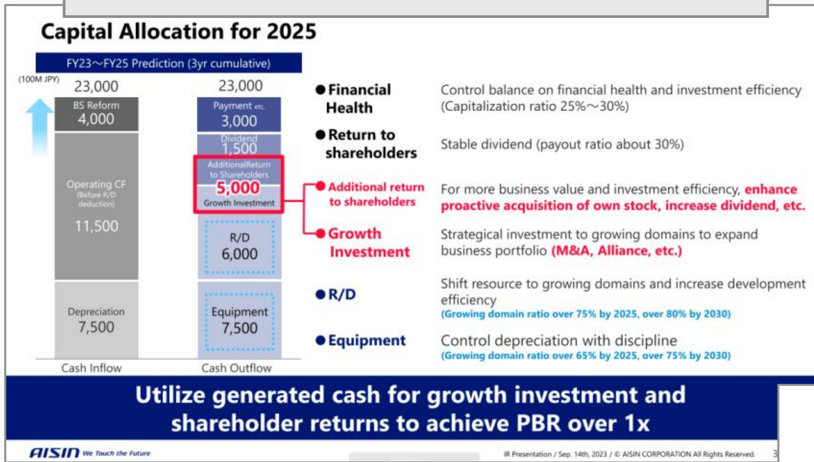
- **Based on investors' areas of interest, the company increased the proportion of stock-based compensation in directors' remuneration from the perspectives of enhancing corporate value and promoting management aligned with shareholders.** (→Points II. 4 and III. 4)

Source: AISIN CORPORATION, Annual Securities Report for the 102nd Fiscal Year, Pages 75–76 (Red frame and underline added by TSE)
https://www.aisin.com/en/investors/settlement/uploads/Annual%20Securities%20Report%20for%20the%20102nd%20Fisical%20Year_en.pdf

# AISIN CORPORATION (7259) (iv)

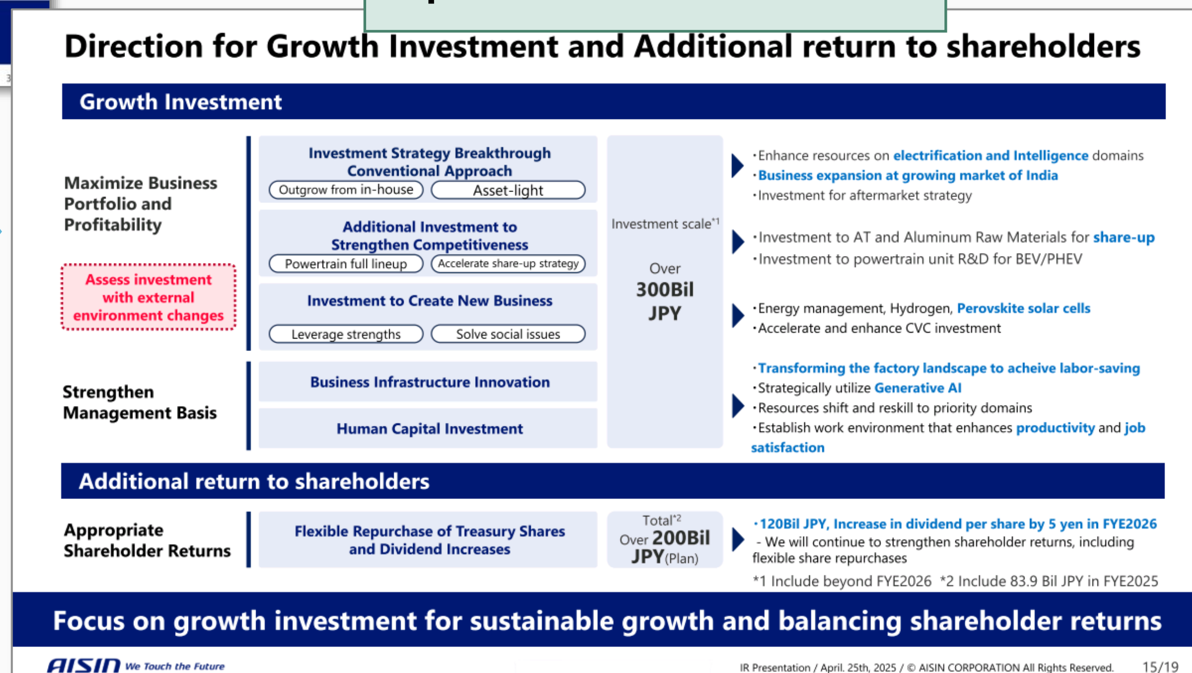


## September 2023 announcement




- Based on investors' areas of interest, the company provided more concrete disclosures on the direction of additional growth investments and shareholder returns. (→Points II. 2 and III. 4)

## April 2025 announcement




Source: AISIN CORPORATION
(Top left) Mid/Long-term Business Strategy Briefing 2023 (September 14, 2023), Page 37
https://www.aisin.com/en/investors/settlement/uploads/Mid%20Long-term%20IR_presentation_en.pdf
(Bottom right) Progress of the Medium-Term Plan and Initiatives to Enhance Corporate Value (April 25, 2025), Page 15
https://www.aisin.com/en/investors/business-briefing/uploads/fy2025_q4_presentation-b-e_3.pdf

# Case 9 SEIBU HOLDINGS INC. (9024) (i)

TOPIX Mid400

Land Transportation

## Voice of Investors

**The company calculated its proprietary ROIC indicators and business-specific hurdle rates and used them to optimize resource allocation, such as in decisions on real estate liquidation and new investments as well as the utilization of site monitoring. This is an example of properly utilizing cost of capital for management decisions, and it can be expected to accelerate initiatives aimed at sustainable growth and improved capital efficiency.**

- **The company calculated its proprietary ROIC indicators and business-specific hurdle rates and used them to optimize resource allocation, such as in decisions on real estate liquidation and new investments as well as the utilization of site monitoring.** (→Point II. 2)

### Overview of our financial strategy

In May 2024, in light of megatrends and recent changes in the business environment, the Group formulated the Long-term Strategy consisting of a growth strategy with the Real Estate business at its core, in order to maximize corporate and shareholder value by leveraging the Group's strengths. We will maximize the potential of our assets and aim to grow our NAV and improve capital efficiency through capital recycling.

Our Long-term Strategy sets a quantitative target of at least 100 billion yen in operating profit in FY2035, with our Real Estate and Hotel and Leisure businesses as the growth drivers to achieve this target. To improve our capital efficiency, we established several management indices such as ROE as KPIs to indicate our capital efficiency and optimal capital structure. We aim to achieve an ROE of 8% on a constant basis, with the goal of achieving 10% or more by FY2035. To achieve our ROE targets, we have established numerical targets from the perspectives of profitability, efficiency, and safety. In order to maintain a stable financial base, we will work to improve profitability and efficiency while ensuring an equity-to-asset ratio in the range of 25% to 30% and maintaining our A credit rating.

To improve profitability and efficiency, we applied the commonly defined ROIC formula and established our own index entitled "Seibu ROIC." Through comparison of Seibu ROIC and hurdle rates by business, we will strive to optimize resource allocation and improve capital efficiency by replacing assets that are averse to improvement based on capital recycling.

In FY2024, the securitization of Tokyo Garden Terrace Kioicho resulted in ROE well above our recognized cost of equity of 7.2% and Seibu ROIC far exceeding the hurdle rate of 3.13% set by the Group. However, we expect ROE and Seibu ROIC to be below the cost of equity and hurdle rate in FY2025 and FY2026, and we recognize that improving profitability through growth in operating profit and improving efficiency through a selective asset mix are urgent issues.

#### Financial KPIs

**ROE**
**Consistently achieved 8%**
**Aim for an ROE in excess of 10% in FY2035.**

Cost of equity perceived as 7.2%

**I. Profitability (Net profit margin) of at least 9%**
- Carry out capital recycling business, building a network of 250 hotels, etc.
- Business transformation through digital technology, etc.

→ FY2035 Operating profit **Over 100 billion yen**

**II. Efficiency (Total asset turnover) 0.3x or higher**
- Carry out capital recycling business, achieve capital recycling
- Implement investment that takes into account the cost of capital, and ROIC management
  **-Hurdle rate set at 3.13% and conducted business portfolio management to ensure that each segment exceeds its respective business-specific hurdle rate**

→ ROA **2.7% or greater**

**III. Financial soundness (Financial leverage) of in the 3 times range**
- Leverage a certain degree through large-scale development and acquisition of new properties, while reducing debt through securitization and careful selection of the investments applying hurdle rates by business segment
- Raise funds other than through borrowing, such as JVs in resort development
- Control the balance sheet while giving due consideration to efficiency and safety, and implement flexible capital policies (dividend increases, purchase of treasury shares, etc.) as appropriate

→ Equity-to-asset ratio **25-30%**

→ **Maintain "A" rating**

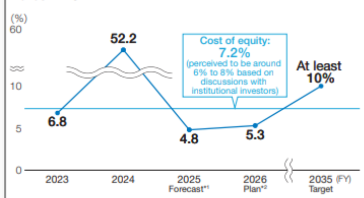
To address these issues, we will consider the three perspectives of stronger profitability, cost control, and asset control while promoting the following three points: (1) Accelerating our capital recycling business; (2) Improving the profitability of our Hotel and Leisure business; and (3) Improving the profitability and capital efficiency of each business site.

In terms of accelerating our capital recycling business, we securitized Tokyo Garden Terrace Kioicho and formed a joint SPC with Morgan Stanley Capital and PRIME Asia in FY2024, and incorporated the owned residences in May 2025. We also acquired five new properties through the use of investment vehicles established with the intention of acquiring properties that will contribute to future securitization. We have specified candidate properties and plans for their future securitization such as DaiyaGate Ikebukuro and part of the Shinagawa Prince Hotel, and will improve our capital efficiency by continuing to identify properties for securitization based on ROIC and future growth potential while also making investment decisions based on investment discipline in new development and new acquisitions.

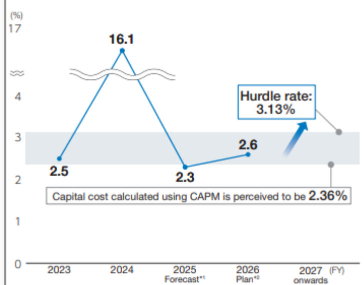
In terms of improving the profitability of our Hotel and Leisure business, we aim to maximize profits by analyzing and utilizing data collected across the business based on a CRM system specialized for the Hotel and Leisure business, and incorporating this data into our planning. We will also utilize the Seibu Prince Global Rewards joint membership program for hotels in Japan and overseas established in 2024 to increase our ratio of direct sales by fostering customer loyalty. Moreover, we will expand our network to build a network of 250 hotels while leveraging M&As.

Finally, in terms of improving the profitability and capital efficiency of each business site, we will thoroughly monitor our business sites by leveraging the aforementioned Seibu ROIC and review those business sites that are not expected to improve so that capital can be appropriately allocated to value-creating businesses.

#### Trends in ROE




#### Trends in Seibu ROIC




Seibu ROIC = Operating profit × 0.7 ÷ (Property, plant and equipment and intangible assets*3 + Real estate for sale)

*1 Forecast announced on May 14, 2025 *2 Plan announced on Aug. 1, 2025

*3 The amount excludes advances received on contribution for construction (reduction of non-current assets)

#### Towards strengthening both profitability and efficiency

| | | |
|---|---|---|
| Accelerate capital recycling business | Enhancing profitability | • As well as acquiring new properties, we will work to enhance the profitability of properties by rolling out value-adding projects for those that we have acquired.<br>• By also raising rents at existing properties and investigating ways to maximize their effective use, we will strengthen the earnings base for the Real Estate business as a whole |
| | Cost control | • Based on the four-company real estate structure designed and established to strengthen specialization in the various functions of AM, PM, CM, and BM, we will pursue productivity improvements in each function. |
| | Asset control (Achieve capital recycling) | • After systematically organizing securitization, we will promote sustainable capital recycling. |
| Enhance profitability in the Hotel and Leisure business | Enhancing profitability | • In addition to opening new hotels toward building a network of 250 hotels, we will seek to raise prices to reflect brand power improvements, thus enhancing profitability. |
| | Cost control | • Through developing an Seibu Prince Global Rewards app and integration of websites for different business locations we will work to increase the direct sales ratio. |
| | Asset control (Achieve capital recycling) | • Through increases in fee income driven by higher numbers of MC contracts we aim to enhance the profitability of the Hotel and Leisure business, and achieve improvements in capital efficiency for the business as a whole.<br>• Through investments to increase value, including the Shinagawa Prince Hotel, and brand-building initiatives, we will pursue increases in the value of hotel assets with an eye on securitization. |
| Enhance profitability / capital efficiency at each business site | | • By thoroughly monitoring business locations after the introduction of Seibu's ROIC, we will disseminate the concept within the Group and pursue profitability enhancements at each business location.<br>• We will review the approach taken by existing business locations for which improvements cannot be expected, and allocate capital appropriately to businesses that are generating value. |

Source: SEIBU HOLDINGS INC., Integrated Report 2025 (October 31, 2025), Pages 21, 22 (Red frame and underlines added by TSE)
https://ssl4.eir-parts.net/doc/9024/ir_material_for_fiscal_ym30/189464/00.pdf

# SEIBU HOLDINGS INC. (9024) (ii)

## Financial Strategy

### Cash Allocation

The Group's cash allocation plan is presented for a period of approximately 10 years through FY2035. We anticipate that cash inflows will include approximately 1.2 trillion yen in operating cash flow from existing operations and the securitization of Tokyo Garden Terrace Kioicho in February 2025, as well as cash inflows from future securitizations. We will use these funds to minimize increased borrowings to the extent feasible.

Meanwhile, cash expenditures for capital investement are projected to reach about 1.85 trillion yen based on our policy of prioritizing growth investments in redevelopment and other initiatives leading to greater corporate value.

In our Real Estate business, in addition to construction of the Takanawa area scheduled to begin in FY2028, we expect to invest around 600 billion yen in the redevelopment of urban centers such as Shibakoen, Seibu Shinjuku, and Takadanobaba, around 70 billion yen in the development of leading resorts in Japan such as Karuizawa, Hakone, Furano, and Nikko, and around 240 billion yen in M&As to enhance corporate value through acquisition of new properties, investments, and expedient reinforcement and expansion of our business structure and scale.

In our Hotel and Leisure business, we expect to spend about 350 billion yen on hotel renovations, including investments to increase value in major hotels such as Shinagawa Prince Hotel, and M&As of overseas hotels, in order to capture inbound demand, raise hotel room rates, and improve profitability by building a network of 250 hotels in Japan and overseas. We will proceed with the renovation of our Mauna Kea Beach Hotel in Hawaii and the large-scale renewal of cottages at the Karuizawa Prince Hotel.

In our Urban Transportation and Region
plan to invest about 450 billion yen in safety
digitalization to achieve sustainable future de
In terms of our human capital which wi
growth, we plan to invest in education and t
best level of employee treatment in the indus
our service levels. These investments compr
components of our total capital investment o
1.85 trillion yen.

However, amidst labor shortages and r
costs in the construction industry, the ability
returns on investment is a very significant iss
prospective economic conditions, we will bu
can promptly respond to changing condition
schedule based on market conditions, and c
reduce costs while maintaining quality and fu
phase of design and construction as one of
will also improve profitability and efficiency th
investments while adhering to investment di
strive to achieve the quantitative targets of o
least 100 billion yen and ROE of at least 10%

The securitization of Tokyo Garden Terr
resulted in a cash inflow of approximately 32
taking into account taxes and other cash ou
used for the temporary repayment of borrow
stock buybacks, and dividend increases, in
aforementioned growth investments.

**Cash Allocation from FY2024 to FY2035**

| Financing | Use of funds | |
|---|---|---|
| Borrowings<br>Operating cash flow Total: Approx. 1.2 trillion yen | Capital investment Total: Approx. 1.85 trillion yen | **Real Estate**<br>● Urban redevelopment (Takanawa, Shibakoen, Seibu Shinjuku, Takadanobaba) : **approx. 600 billion yen**<br>● Resort development: **approx. 70 billion yen**<br>● Acquisition / investment of new properties, M&A aimed at increasing corporate value through early organizational strengthening and business expansion: **approx. 240 billion yen**<br>**Hotel and Leisure**<br>● Hotel renovations and overseas hotel M&A: **approx. 300 billion yen**<br>● Increase the value of major hotels (Shinagawa Prince Hotel, etc.) to improve brand value and profitability: **approx. 50 billion yen**<br>**Urban Transportation and Regional**<br>● Investments in maintaining safety in Urban Transportation and Regional business, as well as in digitalization, etc.: **approx. 450 billion yen**<br>● Investing in comfortable working environments (making 100% of Seibu Railway's workers accommodation private and renovating Prince Hotel dormitories), etc. |
| Securitization | Shareholder returns | ● **Repurchase of treasury shares**<br>• Implement flexibly based on the status of balance sheet and future growth investment<br>• To improve capital efficiency and reduce capital costs, use 70 billion yen from December 2024<br>● **Total dividends of over 130 billion yen (dividends of over 40 yen per year)**<br>• By introducing a progressive dividend policy with a DOE of 2.0% as the floor, we will achieve stable dividends and increased dividends through improved profits by future capital recycling<br>• With a focus on providing long-term and continuous returns to shareholders, we raised our dividend for FY2024 to 40 yen per share annually (and maintained our progressive dividend policy). |
| | | ● If the proceeds from securitization exceed the planned fund use, flexibly repay and repurchase treasury shares |

## Feature #1 Our Pursuit of Capital Recycling

**Added value created by redevelopment and manifested through securitization. Leveraging funds from securitization as a source of further growth**

Since securitizing Tokyo Garden Terrace Kioicho (herein "the Asset") in February 2025, the significant added value of the Asset has become apparent.

The funds obtained from securitization of the Asset will be used as the impetus for growth through capital recycling, with a priority on growth investments leading to increased corporate value, redevelopment of central Tokyo areas and resort development, value enhancement of major hotels such as the Shinagawa Prince Hotel, acquisition of new properties, and investment in human capital based on our Long-term Strategy. We used part of these funds to temporarily repay debt in order to create debt capacity for future large-scale redevelopments, and also allocated funds to share buybacks and increased dividends from the perspective of improving our capital efficiency (i.e., balance sheet control, ROE and EPS improvement) and shareholder returns.

The project of the Asset is a model case of development- and operation-based value enhancement and value realization, and is the Seibu Group's first step toward growth through capital recycling. The Seibu Group has a significant number of value-adding projects. We will continue to pursue NAV growth and improved capital efficiency by proactively allocating funds to growth investments that are expected to have high investment returns to enhance profitability, and by channeling funds to further investments while partially realizing their value. We will also share the fruits of our efforts with shareholders, creditors, and employees in order to maximize corporate and shareholder value and improve total stakeholder satisfaction.

**Use of proceed from the securitization of Tokyo Garden Terrace Kioicho**

| | Point | |
|---|---|---|
| **Growth Investment**<br>Approx. 130 billion<br>Existing growth investments: approx. 80 billion yen<br>Additional growth investments: approx. 50 billion yen | **Existing Growth Investment**<br>· Property acquisition / investment: approx. 50 billion yen<br>· Large-scale redevelopment (Takanawa and others): approx. 20 billion yen<br>· Investment in resort areas: approx. 10 billion yen<br>· Investing in comfortable working environments (making 100% of Seibu Railway's operating bedrooms private and renovating Prince Hotel dormitories), etc. | **Additional Growth Investments**<br>· Increase the value of major hotels (Shinagawa, etc.) to improve brand value and profitability: approx. 50 billion yen<br>· Improving the environment to strengthen the Saitama Seibu Lions (sales increase due to increased attendance) |
| **Strengthening BS and strengthening financial position**<br>Additional growth investments: approx. 120 billion yen | · Creating debt capacity for future large-scale redevelopment (Takanawa and Shiba areas, etc.)<br>· The debt capacity created will be gradually utilized for long-term strategic growth investments | |
| **Shareholder Returns**<br>Repurchase of treasury shares: 70 billion yen<br>Increased dividend: 40 yen/year | · Improve capital efficiency, and repurchase treasury shares while taking into account capital costs<br>· Increase dividends above the DOE 2% standard with the aim of providing long-term, continuous returns to shareholders (Also continue the progressive dividends) | |

- **The company provided specific disclosures on its cash allocation policy through FY2035. It also utilized funds generated from real estate liquidation as a source of funds for future growth.** (→Point II. 2)

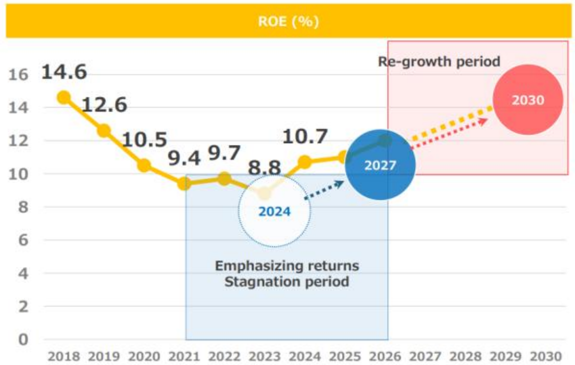
Source: SEIBU HOLDINGS INC., Integrated Report 2025 (October 31, 2025), Pages 23, 26 (Red frame and underlines added by TSE)
https://ssl4.eir-parts.net/doc/9024/ir_material_for_fiscal_ym30/189464/00.pdf

Thoughts of the President

SANKYU

**From the policy of emphasizing shareholder returns, promote "visualization of management" with the long-term aim of becoming a "re-growth company"**

- In addition to sustainable growth, we will continue to reduce our equity capital and enhance the sustainability of ROE at 10% through the fiscal year ending March 2027
- During the fiscal year ending March 31, 2031, we will promote the expansion of the numerator and compression of the denominator of ROE through "visualization of management"




The current PBR and ROE levels are recognized as "a period of stagnation and ripening."

Maintain an ROE of 10% through the fiscal year ending March 2027.

Toward the fiscal year ending March 31, 2031, we aim to become a "re-growth company" by fostering an investor perspective in management based on the Taskforce on Enterprise Value Acceleration and transforming the management structure while considering the balance between investment and returns.



## Voice of Investors

**Based on the current status of PBR and ROE, the company fundamentally refined their initiatives during the mid-term plan period. They promoted management focused on the investor perspective, including strengthening their IR framework and establishing a "Corporate Value Enhancement Task Force." Through a series of initiatives focused on capital efficiency and enhancing corporate value, their valuation shifted from a value stock to a growth stock.**

- Given the current stagnation and maturity of PBR and ROE levels, **they aim to become a "re-growth company." Although they are currently in the mid-term plan period, they will review mid-term measures with a focus on capital profitability.** (→Point III.4)

**Background** to the Announcement of Medium-Term Management Plan Supplements and Points to Note

SANKYU

**Against the backdrop of business environment changes exceeding expectations, we are reviewing our Medium-Term Management Plan, focusing on the logistics business**

**Implementing return on capital-focused transformation under new CEO leadership**

| Transformation Focus | |
|---|---|
| | Enhance awareness of **logistics business costs** and **company-wide strategy** |
| | Instill awareness of **equity ratio level** with consideration for **10% ROE sustainability** |
| | Cultivate awareness of **optimal allocation** of **human resources** and **investment returns** with an awareness of **business restructuring** |

| Promotion System | Main Initiatives |
|---|---|
| Formulation of Taskforce on Enterprise Value Acceleration<br>Eliminate **business barriers** between business and management departments as barriers to reform | Management (including External Directors) to actively discuss the "investors' perspectives."<br>• A medium- to long-term strategy with a vision for the future<br>• Human capital management (human resources, DE&I, etc.) |

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Source: Sankyu Corporation, Medium-Term Management Plan 2026 Review Financial results briefing for the fiscal year ended March 2025 (May 12, 2025), Pages 3 and 7
https://ssl4.eir-parts.net/doc/9065/ir_material_for_fiscal_ym5/179839/00.pdf

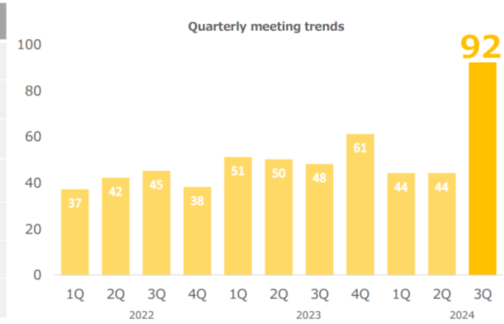
# SANKYU（9065）（ii）

Introduction to IR Activities — SANKYU

**Strategic IR activities to create opportunities for dialogue between management and capital markets**

- Continuous implementation of small meetings with the president and business briefings
- Increase the number of individual meetings to expand the investor base

| | 2024 | 2023 |
|---|---|---|
| Financial results briefings | 2 | 2 |
| Small meetings with the president | 1 | 0 |
| Individual interviews | 241 (including individual interviews with the president) | 187 |
| Overseas roadshows | 2 (North America and Asia) | 2 (Europe and Asia) |
| On-site observation tours | 2 | 2 |
| SR | 7 | 8 |
| Enhance information disclosure | IR and supplementary materials renewal | As needed |




Creation and expansion of the IR Department reporting directly to the President → Strengthen dialogue with capital

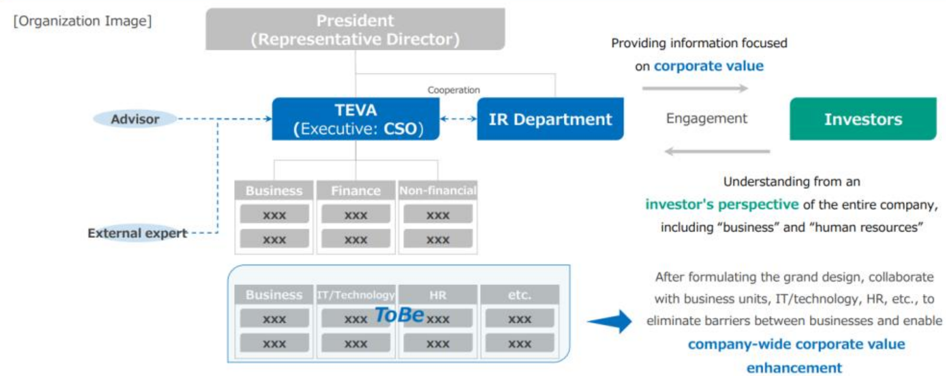


- **To strengthen dialogue with the capital markets, an Investor Relations Department has been established and expanded under the direct supervision of the President.** (→Point III.1)

Taskforce on Enterprise Value Acceleration Overview — SANKYU

The IR Department and Dozens of people with expertise in business, finance, and non-finance formulate a grand design for corporate reform, and seek a **long-term management plan** and **organizational** and **management structure** that will contribute to increasing **corporate value** from **an investor's perspective**

[Organization Image]






- **Established a Corporate Value Enhancement Task Force reporting directly to the President to build an organizational structure that promotes company-wide management focused on investor perspectives and enhancing corporate value.** (→Point III.1)

Source: Sankyu Corporation, Medium-Term Management Plan 2026 Review Financial results briefing for the fiscal year ended March 2025 (May 12, 2025), Pages 4 and 32
https://ssl4.eir-parts.net/doc/9065/ir_material_for_fiscal_ym5/179839/00.pdf

# SANKYU（9065）(iii)

**Financial Strategy Summary: Toward an Optimal Equity Capital Structure** SANKYU

**1. Streamlining the balance sheet**

→ Cross-shareholdings sales (about 5 billion yen over two years)

→ Liquidation of accounts receivable (about 40 billion yen over two years)

**2. Optimal Equity Capital Level**

→ 270 billion yen level prior to the start of the Medium-Term Management Plan

**3. Shareholder Returns**

→ Dividend payout ratio of 40%
(based on the dividend per share for the previous fiscal year ※in the term of Medium-Term Management Plan 2026.)

→ Share buyback 20 billion/year (increased from 10 billion to 40 billion over two years)

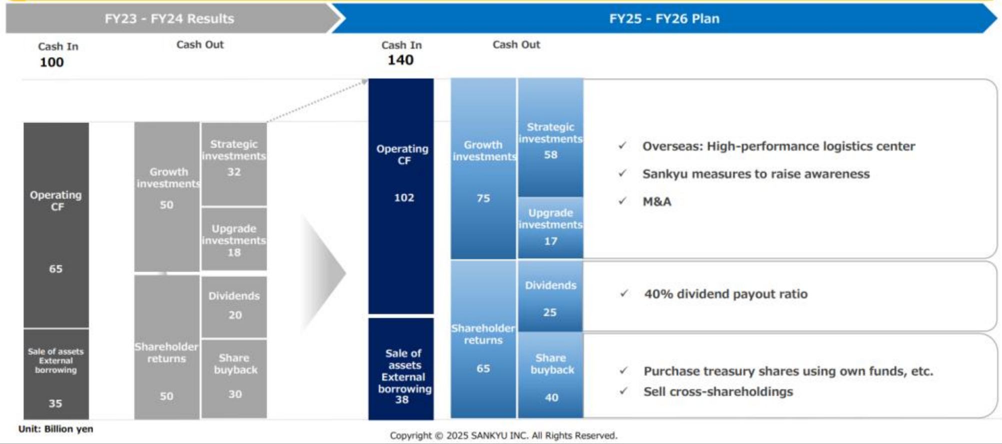
*Holding policy: Approximately 5% of total outstanding shares; any excess will be canceled or used for employee engagement initiatives



- To achieve an optimal balance sheet, the company discloses their target equity level while promoting balance sheet streamlining through the sale of strategically held shares and the securitization of accounts receivable. They also specifically disclose their cash allocation policy, which balances growth investments with shareholder returns. (→Point I.3 &Point II.2)

**Financial Strategy (2): Cash Allocation** SANKYU

- Planning to generate approximately 140 billion yen in cash inflows over FY25 and FY26
- Cash flow will be allocated appropriately while balancing growth investment and shareholder returns

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Source: Sankyu Corporation, Medium-Term Management Plan 2026 Review Financial results briefing for the fiscal year ended March 2025 (May 12, 2025), Pages 13 and 15 (red box and underlining added by TSE)
https://ssl4.eir-parts.net/doc/9065/ir_material_for_fiscal_ym5/179839/00.pdf

# Nippon Express Holdings（9147）(i)

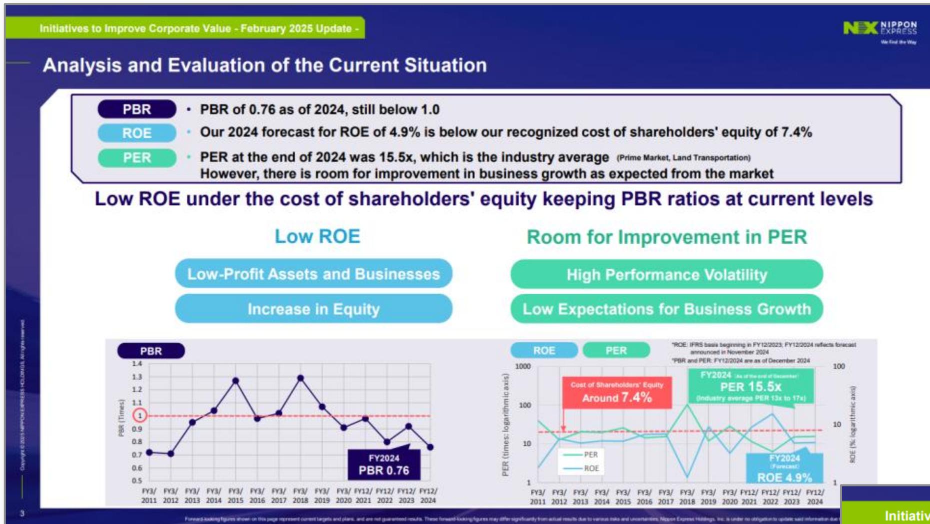

## Voice of Investors

After formulating the management plan, the company refined their targets and initiatives in light of the PBR remaining below 1x even one year later. They are pushing forward with bold measures, including accelerating the sale of low-yielding real estate and strategically held stocks, and strengthening growth investments such as M&A. This demonstrates their serious commitment to enhancing corporate value.

- Given that the PBR has remained below 1x even one year after the management plan was formulated, the company refined their targets and initiatives to accelerate efforts aimed at enhancing corporate value.
  (→Point III.4)

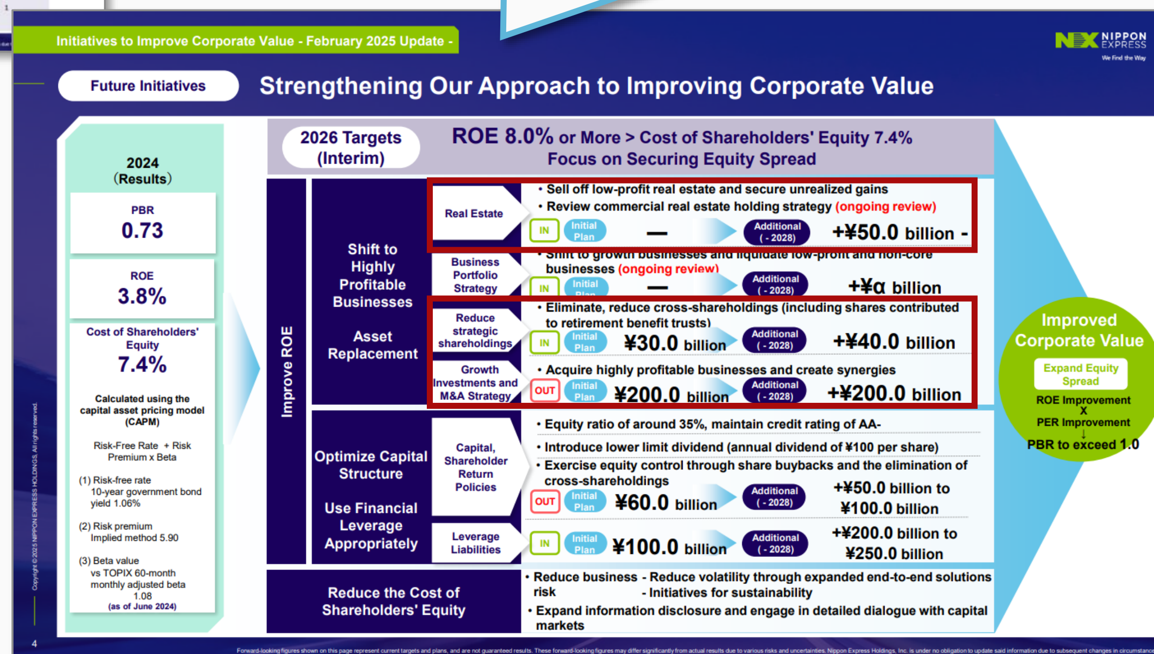

Source： Nippon Express Holdings Initiatives to Improve Corporate Value — Action to Implement Management that is Conscious of Cost of Capital and Stock Price (February 14, 2025) Pages 1 and 2
https://pdf.irpocket.com/C9147/CRpO/gAZh/ddkb.pdf

# Nippon Express Holdings（9147）(ii)




- Conducted time-series analysis of ROE and PER, compared them with industry averages, and reevaluated them to identify challenges for improving ROE and PER. (→Point I.2)

- In light of these challenges, the company accelerated the sale of low-yielding real estate and strategically held stocks while simultaneously enhancing their approach to corporate value enhancement by adding growth investments such as M&A. (→Point II.2)

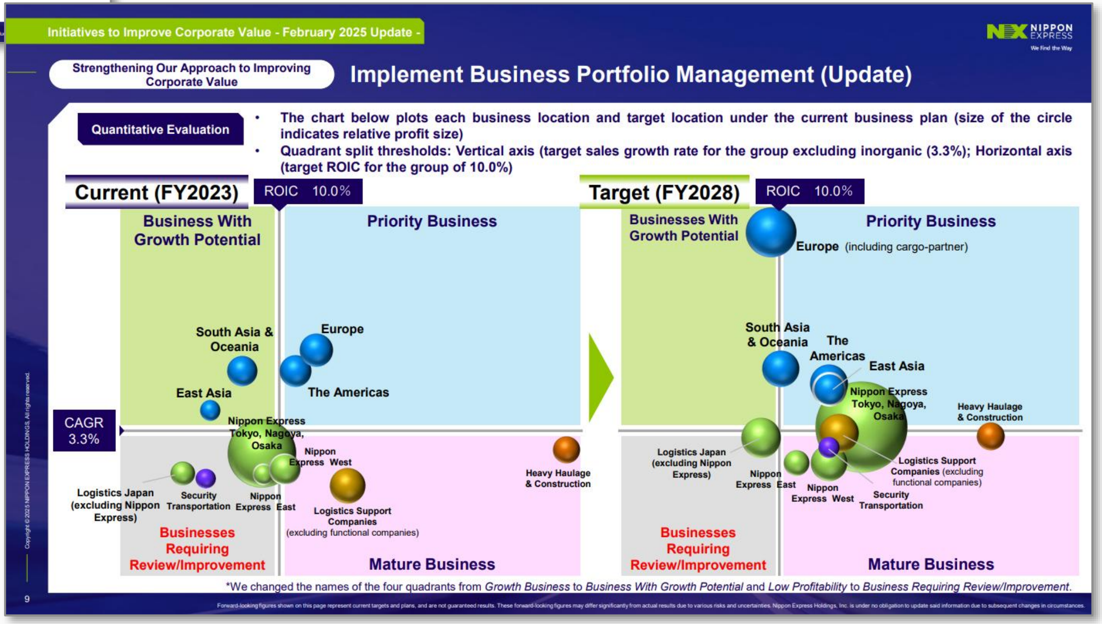



Source： Nippon Express Holdings Initiatives to Improve Corporate Value — Action to Implement Management that is Conscious of Cost of Capital and Stock Price (February 14, 2025) Pages 3 and 4 (red boxes added by TSE)
https://pdf.irpocket.com/C9147/CRpO/gAZh/ddkb.pdf

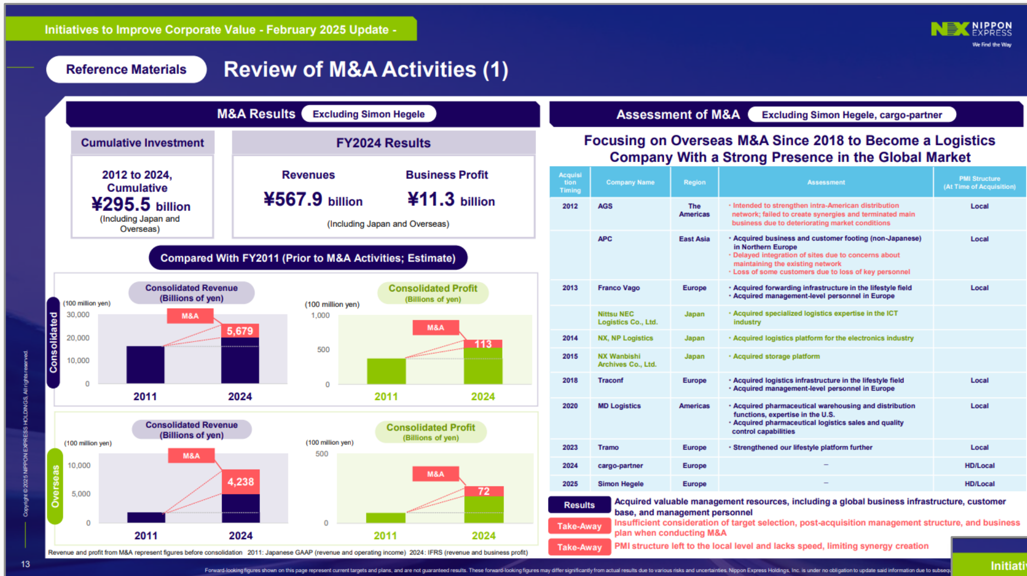
# Nippon Express Holdings（9147）(iii)



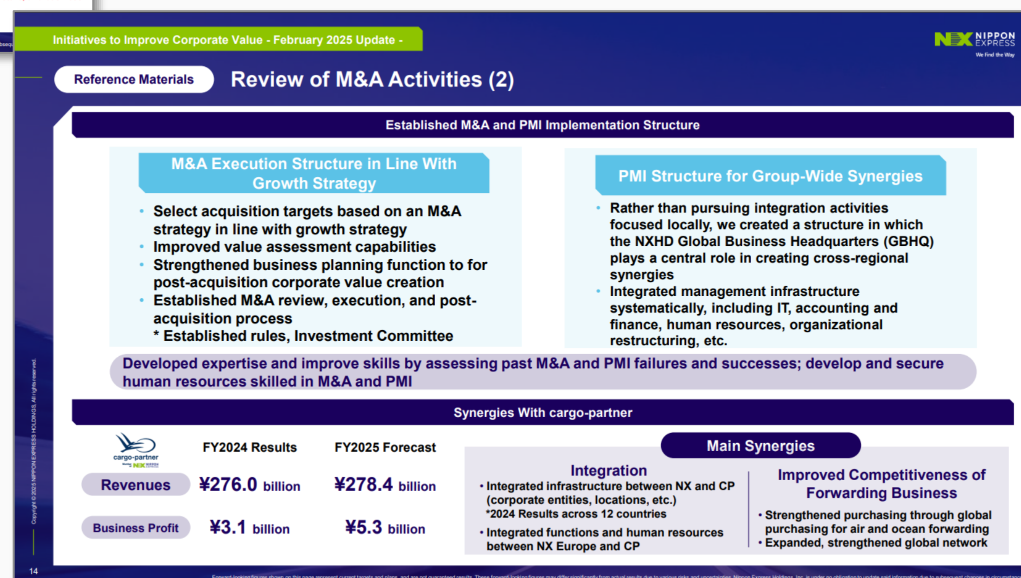

- Clearly presents the policy for business portfolio management aimed at enhancing corporate value and the direction of each business (→Point II.2)




Source： Nippon Express Holdings Initiatives to Improve Corporate Value — Action to Implement Management that is Conscious of Cost of Capital and Stock Price (February 14, 2025) Pages 7 and 9
https://pdf.irpocket.com/C9147/CRpO/gAZh/ddkb.pdf




- Provides a detailed explanation of the progress and challenges encountered in past M&A transactions. (→Point III.4)




Source： Nippon Express Holdings Initiatives to Improve Corporate Value — Action to Implement Management that is Conscious of Cost of Capital and Stock Price (February 14, 2025) Pages 13 and 14
https://pdf.irpocket.com/C9147/CRpO/gAZh/ddkb.pdf

# Kyushu Electric Power（9508）(i)



## Assessment and progress of PBR improvement measures

Our price-to-book ratio (PBR) has improved to around 1.0x by virtue of our profit recovery and expectations for economic growth in Kyushu. Nevertheless, taking into account growth in equity capital and the like owing to improvements in our financials, we recognize the necessity to continually improve our capital efficiency with the use of ROIC if we are to consistently maintain a PBR above 1.0x.

To improve our PBR: It is necessary to (1) achieve capital profitability that exceeds the cost of capital (increase ROE), and (2) obtain the trust of the market with the recent recovery in earnings and shareholder returns, and attract a stronger valuation of our future growth potential (increase PER). Specifically, we aim to achieve a medium-term ROE of around 8%–10% through the steady implementation of the ROIC management cycle, sustainable and stable profit generation, and financial measures aimed at strengthening our financial base and enhancing shareholder returns. We can then look to consistently maintain an ROE above 10%, especially given our four nuclear power reactors and expectations up ahead for increased demand for electricity in the Kyushu region.

Also, alongside measures from a financial perspective, we will aim to do more from a non-financial point of view, particularly regarding carbon neutrality and human capital, in an effort to increase our PER to the average level of the Tokyo Stock Exchange Prime Market. As for our efforts geared towards improving the PBR, every year the Board of Directors analyzes and reviews the current ROE and PER, their factors, and the progress made on each management indicator. During discussions this fiscal year, the Board confirmed that steady progress is being made. Also, when it was examining the new structure of the Group and the next management vision, discussions focused on the need to accelerate the growth strategies of each business, to further enhance business portfolio management, to further improve capital efficiency, and to thoroughly communicate the company's growth potential to investors. More precisely, by transitioning to a pure holding company structure, we will seek to accelerate management with a focus on ROIC in each business, allocate management resources appropriately, and further optimize our business portfolio.

| Ideal State | Perspective | Current Level | Assessment and progress of each item and future response |
|---|---|---|---|
| Sustainable enhancement of corporate value<br><br>PBR consistently above 1.0x<br><br>Now Around 1.0x | (1)<br>Achieve capital profitability that exceeds the cost of capital<br>Medium-term ROE: Around 8%–10% | ROE<br>Around 10%<br>While this is above the cost of capital of 6%, considering growth in equity capital up ahead, a further increase in ROIC is needed | Finance-related efforts<br>• Steady progress has been made towards achieving the FY2025 ordinary income and ROIC targets<br>• The equity ratio has recovered to a level where 20% is in sight<br>• Dividend forecast for this fiscal year is ¥50<br>⇒ To achieve sustained growth in company-wide ordinary income and ROIC, and with the aim of improving and beefing up our financial structure, we will further enhance our business portfolio management by exploring a new Group structure.<br>⇒ We will initially focus on maintaining a dividend of ¥50, but at the same time, we will consider a new management vision and financial targets in light of future growth in each business, profit expansion, and other factors.<br>FY2025 Financial objectives Management indicators: Consolidated ROIC: 2.5% or higher; Consolidated ROE: Around 8%; Ordinary income: ¥125.0 billion or higher; Equity ratio: Around 20% ¥50 dividend as soon as possible |
| | (2)<br>Gain trust through recent recovery in earnings and shareholder returns<br>Obtain positive assessment of future growth potential<br>Medium-term PER: Driven by improvements in expected profit growth rate | PER<br>Around 10x<br>The PER is improving thanks to the recovery in earnings and economic growth in Kyushu, but a further increase is needed because we are still lagging behind the TSE average | Non-financial efforts<br>• We were the first major energy company in Japan to acquire the SBT initiative certification<br>• We were awarded a prize for excellence in the category of corporate culture transformation in the 2024 Career Ownership Management Awards<br>⇒ We intend to make use of the ROIC tree and align it with our non-financial targets in order to clearly demonstrate how our non-financial initiatives contribute to corporate value. We will raise awareness of this in the company and vigorously promote initiatives.<br>FY2030<br>Environmental targets: Supply chain GHG emissions: 60% reduction (compared to FY2013); Kyushu electrification rate: 70% in households and 60% at commercial sites<br>Human capital KGIs: Employee engagement: 80%; Added value per person: 1.5x (compared to FY2021) |
| | | | Capital market dialogue<br>Promote understanding of the above efforts through active dialogue |

Current PBR, ROE, and PER calculated based on the closing share price on July 31 and end-FY2024 forecasts for net income and net assets (excluding preferred shares)

## Voice of Investors

The company promotes initiatives to enhance corporate value from both financial and non-financial perspectives, clearly disclosing the rationale and effects of each initiative using tools such as logic trees. Furthermore, it conveys that the entire company is advancing these efforts, including management engaging in direct dialogue with frontline employees to foster the internal adoption of ROIC-based management.

- The company is advancing initiatives from both financial and non-financial perspectives to enhance both capital profitability (ROE) and valuation based on growth potential (PER). They disclose their policies and implementation status in an easy-to-understand manner. (→Point II.5)

Source: Kyushu Electric Power Co., Inc. Kyuden Group Integrated Report 2024 Page 24 (red boxes and underlining added by TSE) https://www.kyuden.co.jp/var/rev0/0748/6894/en_integratedreport_2024_b.pdf

# Case 12 Kyushu Electric Power（9508）(ii)

## Initiatives to increase ROIC

In FY2022 we introduced ROIC as a new management indicator with the aim of enhancing medium- to long-term corporate value by implementing a style of management that is conscious of the cost of capital and the share price. And in April 2023 we announced the Group-wide consolidated ROIC targets of 2.5% or higher for FY2025 and 3.0% or higher for FY2030.

### ROIC targets and rationale

| | | (2019–2021 average) | FY2025 | FY2030 |
|---|---|---|---|---|
| Consolidated ROIC targets | | 1.3% | 2.5% or higher | 3.0% or higher |
| Rationale | Shareholder value | | ROE of around 8% | ROE of around 8%–10% |
| | | | × | × |
| | Financial base | | Equity ratio of around 20% | Further improvement in financials |
| Medium-to-long-term WACC level | | | Around 2.5% | |
| Reference: Business forecasts in view of target attainment | Domestic Electricity Business ROIC | | Around 2.5% | 2.5% or higher |
| | Growth businesses ROIC | | Around 5%–6% | Around 6%–7% |

Consolidated ROIC > medium-to-long-term WACC

Enhancing shareholder value and strengthening financial base

Generate sustainable corporate value

Targeting a balance between efficiency and the stable supply of electricity to stably secure a ROIC that exceeds the WACC

Selecting and concentrating businesses/investments with the aim of achieving a ROIC that far exceeds the WACC over the medium-to-long term

Consolidated ROIC in FY2023 was around 4.2%. By business, it was roughly 4.1% in the Domestic Electricity Business and about 4.6% for all of our Growth Businesses combined. We will continue to set our sights on generating a level of capital efficiency that exceeds our ROIC targets.

The Board of Directors monitors the achievement of ROIC targets in each business, as well as the progress on measures for improving ROIC, and issues instructions for improvement when necessary. On top of this, each business department seizes the initiative to pursue their own ROIC improvements based on the characteristics and lifecycles of their respective operations. In the Domestic Electricity Business, we aim to stably achieve a ROIC that exceeds the WACC by balancing efficiency with the stable supply of electricity. In our Growth Businesses, we aim to achieve a ROIC that far exceeds the WACC in the medium-to-long term by implementing a process of selecting and concentrating businesses and investments.

Given the changes in the current economic environment, including interest rate hikes since the ROIC targets were set in 2023, we recognize that a review of our targets is needed. We plan to engage in further discussions on this matter as part of our ongoing examination of the company's next management vision.

Also, we utilize opportunities for our dialogue with business offices and Group companies (between employees and senior management) so that senior management can directly explain to employees the importance of ROIC management using the ROIC tree, as well as the initiatives required at each business office. I too participate in these sessions and I have noticed that employees are actively expressing their opinions and asking questions, which I think reflects a growing awareness of the importance of improving capital efficiency.

Across all levels of the organization—whether it be senior management, business divisions, or employees on the front line—we will press ahead with measures to improve ROIC and achieve further enhancements throughout the Group.

- **The Board of Directors monitors progress toward achieving the ROIC target for each business and directs improvements as necessary. Management also communicates directly with frontline employees to ensure ROIC-focused management permeates down to the operational level.** (→Point II.4)

Source: Kyushu Electric Power Co., Inc. Kyuden Group Integrated Report 2024 Page 24 (red underlining added by TSE) https://www.kyuden.co.jp/var/rev0/0748/6894/en_integratedreport_2024_b.pdf

## Non-financial initiatives

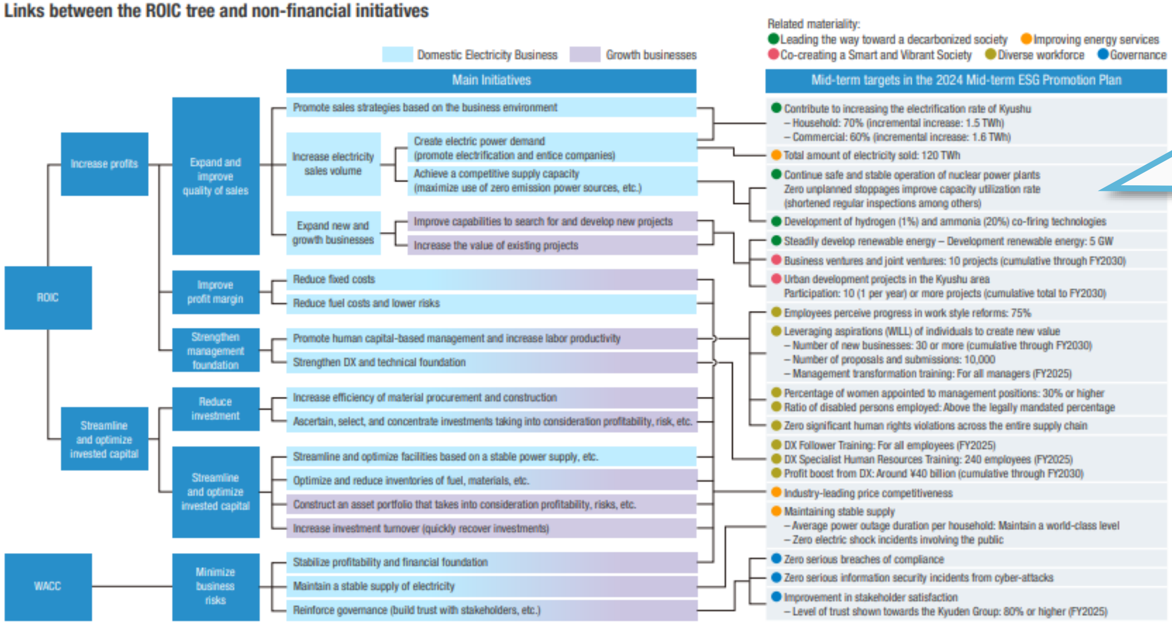
As I alluded to earlier, addressing carbon neutrality, human capital, and other non-financial issues is key to improving the PER. Our climate change targets and initiatives have earned high praise, especially because we were the first major energy business operator in Japan to acquire the SBT initiative certification and then in FY2023, we became the first electric power company in Japan to make it into the CDP A List (the highest ranking) for action on climate change P46. Also, in recognition of our QX Project P74 and various educational initiatives on human capital, we were awarded a prize for excellence in the category of corporate culture transformation in the 2024 Career Ownership Management Awards. We are stepping up our initiatives by implementing measures centered around five key pillars in our HR strategy. In this integrated report too, we have endeavored to enhance the scope of our information disclosure P73.

To clearly demonstrate how these non-financial initiatives contribute not only to the creation of social value, but also to the enhancement of our corporate value, we have aligned the previously established ROIC tree with the non-financial goals set out in our Medium-term ESG Promotion Plan. We are therefore working to raise awareness of these links among employees.

## Constructive dialogue with shareholders and investors

We have endeavored to actively disclose information and engage in dialogue so that capital market participants have a better understanding of our management situation and our strategy for future growth. Moving forward, we will strive to further enhance our information disclosure and dialogue activities and incorporate the feedback we receive into our business practices with the aim of achieving sustainable growth.

**Links between the ROIC tree and non-financial initiatives**




- **Regarding non-financial initiatives, the company created an ROIC tree to clearly explain how they contribute to enhancing corporate value. （→Point II.5）**

Source: Kyushu Electric Power Co., Inc. Kyuden Group Integrated Report 2024 Page 26 https://www.kyuden.co.jp/var/rev0/0748/6894/en_integratedreport_2024_b.pdf

# Kyushu Electric Power（9508）（iv）



- To promote constructive dialogue with investors, the company has created opportunities for discussion between outside directors and investors. Comments from these dialogues, including progress on initiatives to improve PBR, are disclosed in the integrated report. (→Point III.1)

## Dialogue Between External Directors and Investors

To foster constructive dialogue with investors, we organized a discussion between external directors and investors at the ESG small meeting held in December 2023. Being the third such dialogue since the inaugural one in FY2021, we had two external directors in attendance and strove to further improve the dialogue by such means as breaking into groups.

**Sakie Tachibana Fukushima**
External Director

Profile: President and Representative Director of G&S Global Advisors Inc. (current position) since 2010. External director of Kyushu EP since June 2020. Served as an internal director of a US-based company since 1995, while being an external director of more than 10 Japanese companies since 2002. Possesses many years of experience and extensive knowledge of human capital globalization and corporate governance.

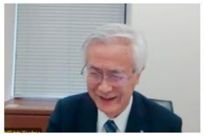
**Yuji Oie**
External Director and Audit & Supervisory Committee Member

Profile: External director and Audit & Supervisory Committee member of Kyushu EP since June 2022. Former President of the Kyushu Institute of Technology. Being an expert in information network engineering, he has led advanced information network technologies in Japan. He also has extensive experience and exceptional insights in human resource development and organizational management as a university president.

Overview of ESG Small Meeting

| | |
|---|---|
| Purpose | In addition to brief investors on the latest topics related to the Kyuden Group's sustainability management, we held a dialogue with external directors. This approach strengthened engagement by ensuring the dialogue which is compelling with an objective perspective. |
| Company representatives | Sakie Tachibana Fukushima (External Director) and Yuji Oie (External Director)<br>Atsushi Soda (Member of the Board of Directors, Vice-Presidential Executive Officer, in charge of ESG matters) |
| Participants | Shareholders, institutional investors, and analysts |
| Content | Part 1: ESG Briefing<br>Based on the theme of Sustainability Management at the Kyuden Group, the executive officer presented on topics such as the Integrated Report 2023 and the challenges and future direction of sustainability management.<br>Part 2: Dialogue with External Directors<br>The external directors answered participants' questions received in advance, followed by an open discussion with both external directors. |

### Q1: Role as external director



**Mr. Oie** I believe it is important to recognize the good organizational climate and culture at Kyushu EP, while also providing honest feedback on any discomforts or areas for improvement from an external perspective. Firstly, drawing on my experience at universities, being educational and research institutions, I am to offer my thoughts on enhancing the effectiveness of human capital development and utilization. Next, as an expert in the ICT field, I intend to share my insights on the promotion of digital transformation (DX) and research and development. As an Audit & Supervisory Committee member, I make it

**Mr. Oie** I believe the genuine commitment to ensuring a stable supply of electricity is one of Kyushu EP's strengths, fostering trust among its customers. Regarding external environmental strengths, Kyushu is experiencing a rapid influx of semiconductor and data center-related companies, leading to a significant increase in electric power demand. We must seize this opportunity to drive further growth.

### Q3: Human capital management

**Ms. Fukushima** Drawing from many years of experience in human capital consulting, I believe Kyushu EP's strength in human capital lies in its many diligent and talented individuals dedicated to fulfilling the social mission of ensuring a stable electric power supply. The challenge lies in that diligence, which often leads to a highly cautious approach, making it difficult for them to come up with creative and bold ideas.

In terms of human capital initiatives, the concept of placing the right person in the right position is gaining traction. This involves appointing the best talent to each mission, whether from within the company or outside, without regard to age. Progress is also being made on external hiring.

Additionally, the diversification of recruitment schemes, including the introduction of a comeback system, is making the company more flexible in terms of employee mobility, which is commendable. Furthermore, the company is taking steps to quantify the outcomes of its human capital management initiatives by setting Key Goal Indicators (KGIs) and introducing engagement surveys. Going forward, it will be crucial to clarify the cost-effectiveness of these initiatives and ensure that each measure is actually contributing to value creation. Regarding gender initiatives, the company has set a target of 100% paternity leave acquisition ratio and is making steady progress, with the acquisition rate exceeding 80%* in FY2022. As the human capital shortage persists, expanding diversity will become increasingly essential in the future. This requires improvements in mainly the ratio of female managers and hiring more foreign nationals.

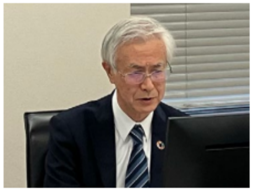
* Percentage in FY2023 was 103.6%.

### Q4: Involvement in promoting DX

**Mr. Oie** In addition to serving as a member of the DX Promotion Committee, I share information and exchange opinions with the DX Promotion Division every month to discuss the progress of initiatives and address any emerging issues. In terms of promoting DX, the company has developed a DX Vision and a DX Roadmap, defining the essence of DX as realizing corporate transformation. It is commendable that the President himself consistently emphasizes the importance of DX in various internal and external settings, contributing to the growing momentum for DX promotion throughout the company. I also view these proactive efforts to promote DX as an initiative to transform Kyushu EP's cautious organizational culture. Indeed, the company has been adopting generative AI ahead of other power companies. I strongly sense that the President is leading the charge in embracing change and taking on new challenges.

### Q5: Improving PBR

**Ms. Fukushima** The price-to-book ratio (PBR) is a fundamental indicator of increasing shareholder value, and it is crucial to implement strategies to improve it over the medium to long term. Beyond a recovery in performance, it is essential to achieve a return on capital that exceeds the cost of capital (improving ROE) and to enhance the company's reputation for growth potential (improving PER). With the entry of companies from other industries into the renewable energy sector, competition is intensifying, and the competitive landscape is evolving rapidly. The key challenge for the company is leveraging its strengths and enhancing economic value by swiftly addressing social issues. To achieve this, it is essential to constantly focus on improving PBR and ROIC. I believe that ROIC-based practices are currently being implemented in each business department throughout the company. When I attended a dialogue between employees and top management, employees at business sites asked questions about ROIC, and I noticed that more employees were beginning to view the company's financials as personally relevant.



**Mr. Oie** To improve PBR, it is necessary to present and execute a scenario for medium- to long-term earnings growth. Gaining the support and confidence of investors regarding the company's future growth potential is also crucial. That means the company needs to embrace new challenges, and I am hopeful that the productivity improvements driven by DX investment will contribute to both increased earnings, through the creation of new businesses, and cost reductions.

At the same time, it is important to secure and develop human capital capable of driving innovation and creating added value. Even in my field of expertise, information and communications, the members responsible for promoting DX are seconded to various companies, government agencies, universities, and other institutions, where they are actively working to acquire knowledge and build valuable human networks. I am confident that each member will leverage the knowledge and experience they have gained to support the Kyuden Group's continued growth.

**Feedback from investors received after the dialogue**

- Opportunity to have an extended, direct conversation with the external directors was valuable.
- The insights from external directors were undoubtedly valuable, but the discussions themselves were also highly beneficial. It was also great to be able to see the personalities of the external directors.
- The availability of such dialogue opportunities reflects the management's sincerity and transparency and is also one of the company's strengths.

Source: Kyushu Electric Power Co., Inc. Kyuden Group Integrated Report 2024 Page 89, 90 (red boxes added by TSE) https://www.kyuden.co.jp/var/rev0/0748/6894/en_integratedreport_2024_b.pdf

Ⅰ. TOPIX Core30、TOPIX Large70

Ⅱ. TOPIX Mid400

Ⅲ. TOPIX Small

# TOA CORPORATION (1885) (i)

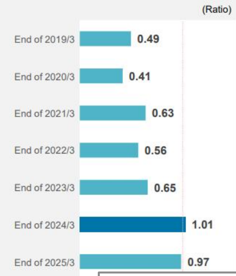
Create Value, Build the Future
TOA CORPORATION

## Review (Stock price trend/PBR trend)

On May 12, 2023, we disclosed the "Action Plan to Improve Price-to-Book Ratio," and although PBR exceeded 1:1 at the end of FY2023, it ended up slightly below 1:1 at the end of FY2024. In April 2025, our stock price also temporarily declined due to the impact of the overall market downturn. We will work to further improve PBR going forward.

■ Stock price trend


■ PBR trend






## Voice of Investors

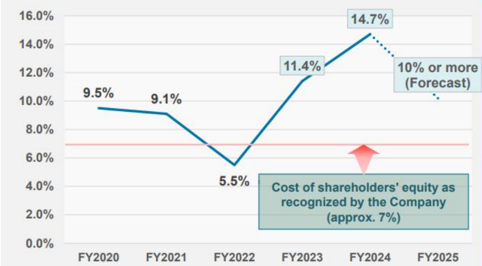
Although the company had a PBR exceeding 1x and ROE that exceeded cost of capital due to the progress made on the initiatives it announced in 2023, it is considering ways to further enhance corporate value and has updated its initiatives and disclosures. It provided a detailed explanation of initiatives for improvement, such as strengthening investments into human capital and growth, and further reinforced IR activities. These initiatives are continuously refined through dialogue with investors, demonstrating an approach that can serve as a reference for other companies.

Create Value, Build the Future
TOA CORPORATION

## Assessment of current situation

Amid the favorable management environment, despite continuously achieving an ROE of 10% or more, which exceeds the cost of shareholders' equity as recognized by the Company (approx. 7%), there is a major gap between its capital efficiency and earning power and their evaluation by the market. We will work to further increase its PBR while striving to improve its PER through sustained profit growth and dialogue with the market.

■ ROE trend




**Maintain and raise the level of ROE, which has been steadily exceeding Cost of Shareholders' Equity**

| | |
|---|---|
| Improve ROE (1) | Steadily increase operating profit while enhancing the quantity and quality of human resources |
| Improve ROE (2) | Review the balance sheet and improve capital efficiency |
| Reduce Cost of Shareholders' Equity = Improve PER | Further strengthen IR activities |

 3

- **The company conducted a time-series analysis of stock price, PBR, and ROE in conjunction with its initiatives. Although PBR exceeds 1x and ROE exceeds the recognized cost of capital, it presented a policy outlining initiatives for further improvement.** (→Points I. 2 and II. 1)

Source: TOA CORPORATION, Action Plan to Improve Price-to-Book Ratio 2025 (June 12, 2025), Pages 2, 3
https://pdf.irpocket.com/C1885/A2Jy/p3b4/XwCQ.pdf

# TOA CORPORATION (1885) (ii)

Create Value, Build the Future
TOA CORPORATION

### 1. Steadily increase operating profit while enhancing the quantity and quality of human resources (2) Current investment plan — Improve ROE

During the period of this medium-term management plan, we are aiming for the integration of our business and human resource strategies to realize our long-term vision, focusing on expanding operating profit by enhancing the quantity and quality of human resources and emphasizing investments that contribute to accelerating human capital management.
Business domain expansion is below the planned figures, but we are constantly considering M&A and other measures to strengthen construction capabilities.

| Planned investment amount at the beginning of the medium-term management plan (3-year total) | Investment amount and use for FY2023–2024 | | Expected effects | Current planned investment amount (3-year total) |
|---|---|---|---|---|
| Technology development 4 billion yen | 2.7 billion yen | • Strengthening R&D capabilities • Technology development strategy leading to growth | • Improved competitiveness by promoting technology development reflecting social needs in measures | Technology development Approx. 4 billion yen |
| Business domain expansion 5 billion yen | 0.6 billion yen | • Establishment of Indonesian subsidiary • Launch of renewable energy smart city concept | • Receipt of orders for locally financed construction projects and expansion of orders for building construction projects • Contribution to the realization of a sustainable society through initiatives related to environmental technology | Business domain expansion Approx. 10 billion yen |
| Human resource development 3 billion yen | 3.7 billion yen | • Promotion of women's active participation • Strengthening recruitment activities, wage increases • Enhancement of education and training | • Realization of organization building that promotes business expansion by securing professional human resources and promoting human resource growth (development) | Human resource development Approx. 7 billion yen |
| Capital investment, etc. 8 billion yen | 5.0 billion yen | • Capital investment related to work vessels (mainly maintenance and renewal) • Introduction of software • Securing of income-generating real estate | • Strengthening competitiveness by leveraging our strengths • Improved productivity through operational efficiency • Development of new business models through the construction and sale of income-generating properties, etc. | Capital investment, etc. Approx. 9 billion yen |
| Total 20 billion yen | 12.1 billion yen | | | Total Approx. 30 billion yen |

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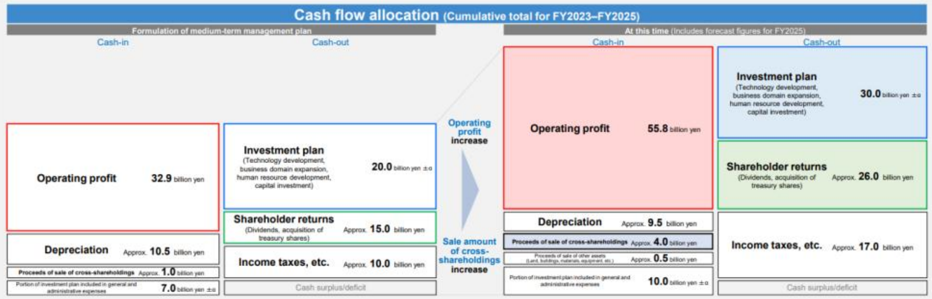
Create Value, Build the Future
TOA CORPORATION

### 2. Review of the balance sheet (1) Review of cash flow allocation — Improve ROE

Operating profit has grown significantly more than anticipated from when the medium-term management plan was formulated, and we are reviewing the cash flow allocation.
We are planning to clearly state the balance between growth investment and shareholder returns from FY2026 onwards in the next medium-term management plan, which is scheduled for disclosure during FY2025.

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Create Value, Build the Future
TOA CORPORATION

### 2. Review of the balance sheet (3) Reduction of cross-shareholdings — Improve ROE

We will further advance the reduction of cross-shareholdings, aiming to reduce the amount of cross-shareholdings (excluding deemed holdings) to less than 10% of consolidated net assets by the end of FY2025 and thereby improve capital efficiency.


| | FY2020 | FY2021 | FY2022 | FY2023 | FY2024 | FY2025 |
|---|---|---|---|---|---|---|
| Consolidated net assets | 76.1 billion yen | 86.7 billion yen | 89.3 billion yen | 96.7 billion yen | 107.8 billion yen | |
| Ratio to consolidated net assets (excluding deemed holdings) | 13.9% | 11.4% | 10.8% | 13.3% | 11.6% | Less than 10% |
| Ratio to consolidated net assets (including deemed holdings) | 20.2% | 16.6% | 16.2% | 21.7% | 16.8% | Further reduction |

9

- **The company provided a detailed explanation of the breakdown of growth investments aimed at achieving its targets and the anticipated effects. It also reviewed the underlying cash allocation policy and disclosed it in detail.** (→Points II. 2 and III. 4)

Source: TOA CORPORATION, Action Plan to Improve Price-to-Book Ratio 2025 (June 12, 2025), Pages 6, 7, 9
https://pdf.irpocket.com/C1885/A2Jy/p3b4/XwCQ.pdf

# TOA CORPORATION (1885) (iii)

## June 2023 announcement

Create Value, Build the Future
TOA CORPORATION

**4. Strengthening of IR activities (1) Establishment of a dedicated department**

Based on the opinions of shareholders and investors, a dedicated IR Department will be established by the end of the second quarter to strengthen IR activities.
Regarding dialog with individual shareholders and investors, which was held 37 times in FY2022, we will establish a system to hold such dialogs more than 100 times per year by FY2025.

**Current structure**

- Management Planning General Headquarters
  - Management Planning Dept.
    - Each section and office

**New structure**

- Management Planning General Headquarters
  - Management Planning Dept.
    - (To be newly established) Corporate Communications Office (tentative name)
    - Each section and office

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- **Aiming to further strengthen IR activities, the company reorganized the dedicated IR department, which was established in FY2023. This established a structure that makes it easier to reflect requests from the capital markets in management measures. (Point III. 1)**

## June 2025 announcement

Create Value, Build the Future
TOA CORPORATION

**3. Strengthening IR activities (1) Organizational restructuring to strengthen IR activities** — Improve PER

We have newly established the Corporate Communication Department to further strengthen IR activities. The Corporate Communication Department will consolidate and increase personnel experienced in SR/IR and those capable of handling English disclosures with a view towards working to strengthen IR activities with overseas investors.
Additionally, the Corporate Management General Headquarters has been newly established by unifying the reporting line for investor opinions, etc. to the Board of Directors, making it easier to reflect requests from the capital markets in management measures.

**FY2024**

- Management Planning General Headquarters
  - Management Planning Dept.
    - IR Communications Office
- Administration General Headquarters
  - Administrations Dept. (implements SR)

**FY2025**

- Corporate Management General Headquarters
  - Integrate Management Planning Headquarters and Administration Headquarters to unify the reporting line to the Board of Directors for requests from the capital markets.
  - Corporate Communication Department (Newly established by separating from Management Planning Dept.)
    - (1) Increase personnel including those experienced in IR/SR and operate IR/SR integrally.
    - (2) Consolidate personnel capable of handling English disclosures.
    - (3) Handle PR (public relations) integrally as well, strengthening information dissemination both internally and externally.
  - Management Planning Dept./Administrations Dept., etc.

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Sources: (Top left) TOA CORPORATION, Action Plan to Improve Price-to-Book Ratio (May 12, 2023), Page 6 https://pdf.irpocket.com/C1885/ba4w/CWen/bNjb.pdf
(Bottom right) TOA CORPORATION, Action Plan to Improve Price-to-Book Ratio 2025 (June 12, 2025), Page 10 https://pdf.irpocket.com/C1885/A2Jy/p3b4/XwCQ.pdf

# TOA CORPORATION (1885) (iv)

Create Value, Build the Future
TOA CORPORATION

## 3. Strengthening IR activities (2) Initiatives to improve recognition among domestic and overseas investors

Improve PER

The background to our PER remaining at a sluggish, single-digit level is considered to be influenced not only by doubts about future growth potential but also by the low recognition level among domestic and overseas investors. We will implement the following initiatives to improve recognition:

**(1) Earlier financial results briefings**
We will hold briefings closer to the financial results announcement date to build trust with investors by increasing the transparency of corporate information.

**(2) Implementation of financial results briefing transcript distribution (Japanese/English)**
We currently only distribute videos of the briefings, but by transcribing the scripts, we will shorten the time required to grasp the key points.

Improve convenience for sell-side analysts
Strengthen appeal to domestic and overseas institutional investors
Strengthen appeal to individual investors
Improve recognition in the overall capital market

**(3) Enhancement of English disclosures including the introduction of sponsored research**
We will disseminate our business model, strengths, and financial results reports in both Japanese and English to increase our presence among overseas institutional investors as well.

**(4) Enhancement of briefings for individual investors**
To attract interest from a broader range of individual investors, we will further enhance briefings for individual investors.

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- **The company promoted effective IR activities tailored to the characteristics of each type of investor, such as overseas institutional investors, retail investors, and sell-side analysts. It refined initiatives and the content of disclosures based on feedback obtained through dialogue with investors.**
**(→Points III. 2 and III. 3)**

Create Value, Build the Future
TOA CORPORATION

## 3. Strengthening IR activities (3) Review of measures through constructive dialog with capital markets

Improve PER

In FY2024, we held 77 dialogs with shareholders and investors. Although this number has steadily increased compared to FY2022 and FY2023, we have newly established the Corporate Communication Department with increased IR personnel. This fiscal year, we will not only further increase the number of dialogs but also reflect the opinions obtained through constructive dialog in management measures and work to further improve corporate value.

Analysts / Investors / Shareholders → (Opinions) → Corporate Communication Department → (Regular reporting) → Board of Directors → Review measures / Improve corporate value

**Measures to be implemented based on investor opinions (FY2025)**
- Implementation of interim dividends
  - * If the proposal to amend the Articles of Incorporation is approved at the June General Meeting of Shareholders.
- Implementation of flexible treasury share acquisitions
- Disclosure of estimated cost of capital

**Measures implemented based on investor opinions (FY2023 & FY2024)**
- Review of shareholder return policy (FY2023)
- Establishment of the IR system (FY2023)
- Stock split (FY2024)

■ Number of SR/IR sessions held

| FY2022 | FY2023 | FY2024 |
|---|---|---|
| 37 sessions | 74 sessions | 77 sessions |

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Source: TOA CORPORATION, Action Plan to Impro0.72 cmve Price-to-Book Ratio 2025 (June 12, 2025), Pages 11–12
https://pdf.irpocket.com/C1885/A2Jy/p3b4/XwCQ.pdf

# Case 14 Lacto Japan（3139）(i)

TOPIX Small | Wholesale

JPX

## Voice of Investors

**Faced with demands from the capital markets, the entire company—including front-line personnel—is working to improve capital efficiency. Even after exceeding a PBR of 1, the company remains unsatisfied and is actively pursuing further growth, demonstrating a sincere commitment to investors and the market.**

- **Through internal study sessions, the company instilled awareness of capital efficiency improvement down to the front-line staff level.** (→Point II.4)

### 副社長Message


**資本効率を改善しつつ財務基盤強化に取り組むとともに、新たな経営体制のもとで次の成長ステージを目指します**

**量から質を重視した成長へ**

販売数量を伸ばし、シェアを高めていく。これまで当社は「量」を懸命に追い求める経営を行ってきました。しかし、2024年11月期に社内管理指標に部門別の経常利益やROIC（投下資本利益率）を導入するなど、現在は収益性向上を目指す「質」を重視した経営へのシフトを進めています。この背景には、資本市場からの要請があります。2023年には、東京証券取引所から「資本コストや株価を意識した経営の実現に向けた対応について」が公表され、上場企業各社はPBR（株価純資産倍率）改善に向けた具体的な対応を求められるようになりました。当時、当社もPBRが1倍を下回る状況にあったことから、プライム上場企業として一層の危機感を持ち、その改善に取り組むべく、「質」を重視した経営へのシフトを打ち出したのです。ただし、当社はまだ成長途上にある会社です。引き続き、トップラインは伸ばしていきます。そのうえで、「質」への意識を高め、「量」と「質」のバランスを取ることにより、企業価値の最大化を目指します。

P.22 財務戦略

**資本コストへの意識を高める**

PBRを高めるためには、ROE（自己資本利益率）とPER（株価収益率）を改善しなくてはなりません。ROEの向上に向けて、特に課題となっているのが「資本効率の改善」です。当社をはじめとした商社のビジネスは、主に「仕入れた商品を顧客に販売する」ことで成り立っています。したがって、事業の拡大期においては、仕入が先行し、仕入債務が膨らむ傾向があります。さらに、当社は商品を海外から船舶で輸入しており、会計処理上、仕入先が船舶に商品を積み込んだ時点で、当社の在庫として計上されます。そこから1か月以上をかけて運ばれることも多く、自ずと在庫保有期間が

### 副社長Message

長期化してしまいます。このような理由から、多額の運転資金を確保する必要があり、そのために自己資本を厚くしてきたことが、ROEを引き下げる要因となっていました。

ご説明したとおり、事業特性上の問題に起因することもあり、営業の現場において、一定量の在庫を抱えることに対する問題意識が希薄であったことは否めません。そこで、仕入から現金化までの回転期間を把握するための財務指標である「キャッシュ・コンバージョン・サイクル（CCC）」に対する営業担当者の意識を高めるための取組みを進めています。例えば、事業本部長から営業担当者に至るすべての階層を対象に順次勉強会を実施し、CCCを改善することの重要性を説明するとともに、日々の営業活動や取引において、具体的にどのようなことに留意すべきかを伝えています。このような取組みが奏功し、徐々に営業担当者の意識が高まってきたと感じています。

中期経営計画「NEXT-LJ 2025」（以下、本中計）の2年目にあたる2024年11月期は売上高、経常利益、当期純利益とも過去最高を更新しました。なかでも、経常利益、当期純利益については、本中計の最終年度目標を1年前倒しで達成しています。利益率も改善傾向にあり、徐々にではありますが、全社的に資金効率に関する意識が高まったことによる効果も生まれていると評価しています。

Source: Lacto Japan Integrated Report 2025, pages 19 and 20 (red boxes and underlining added by TSE)
https://www.lactojapan.com/ja/ir/library/integrated/main/03/teaserItems1/0/linkList/0/link/IntegratedReport_2025_3.pdf

*Note: The disclosure documents shown in this slide are available in Japanese only.*

# Lacto Japan（3139）(ii)

TOPIX Small

Wholesale

JPX

Current Situation

Lacto Japan

- The Company's stock price increased significantly in FY11/2024, with a P/B ratio exceeding 1x.
- The current P/E ratio is lower than pre-pandemic levels and the industry average (wholesale) of the Tokyo Stock Exchange Prime Market. However, we believe that the ratio could increase further because profit is steadily growing as the operating environment improves and new businesses make steady progress.
- ROE was 12.1% at the end of the fiscal year under review, a significant year-on-year increase. We will maintain our efforts to raise the figure even further by improving profitability and strengthening shareholder returns. To be more specific, we adopted ROIC as a management performance indicator in the previous fiscal year to improve profitability and maintain balance sheet efficiency.

| | FY11/2019 | FY11/2020 | FY11/2021 | FY11/2022 | FY11/2023 | FY11/2024 |
|---|---|---|---|---|---|---|
| ROE (%) | 13.0 | 12.3 | 10.6 | 10.9 | 8.7 | 12.1 |
| P/E (x) | 17.57 | 14.05 | 11.75 | 9.16 | 9.45 | 9.13 |
| P/B (x) | 2.17 | 1.66 | 1.18 | 0.94 | 0.79 | 1.04 |
| Share price at end of period (yen)) | 3,515 | 2,943 | 2,336 | 2,121 | 1,951 | 2,882 |

- **The company is not satisfied with the current PBR exceeding 1x and believes there is further upside potential. They continue to promote initiatives to further improve PBR and ROE. They also provide concrete explanations of how each initiative contributes to enhancing corporate value.**
**(→Point II.1 & Point II.5)**

Operations That Consider the Cost of Capital and Share Price

Lacto Japan

| | Challenges | Initiatives |
|---|---|---|
| Improved ROE | Implement sales strategy with an emphasis on profit margins | • Introduction of ROIC as a management indicator for business divisions (Employees' attitude is gradually changing. We plan to use it for personnel evaluations and business decisions during this fiscal year.) |
| | Expand high value-added businesses | • Expand the Cheese Manufacturing and Sales Division of the Asian Business (improve cost of sales ratio/sales volume)<br>• Increase the handling of functional food ingredients<br>• Strengthen our business portfolio as a medium- to long-term endeavor |
| | Involve ourselves deeply in key areas of the supply chain | • Strengthen the development of special products by enhancing collaboration with suppliers<br>• Promote sustainability management |
| | Invest in growth areas | • Build a new plant (through relocation) in Singapore (the Cheese Manufacturing and Sales Division of the Asian Business) |
| | Improve shareholder returns | • Increase the dividend payout ratio, and make continual efforts to increase it even further (FY11/2023：23.2% → FY11/2024：25.3% → FY11/2025 [forecast]：30.2%) |
| Improved P/E | Encourage growth expectations | • Present a clear strategy for growth (we plan to release a new corporate business plan) |
| | Strengthen dialogue with shareholders and investors to gain trust | • Review KPIs for executive compensation<br>• Strengthen IR by expanding staff (from FY11/2025), expand opportunities for dialogue with investors |
| | Expand information dissemination | • Enhance information in the integrated report and on the website<br>• Expand English-language information disclosure |

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Source: Lacto Japan Co., Ltd. FY11/2024 Financial Results Briefing (January 2025) Pages 13 and 14
https://www.lactojapan.com/en/ir/library/earnings/main/07/teaserItems1/01116/linkList/04/link/HP_FY11%202024%20Financial%20Results%20Briefing_E.pdf

# Lacto Japan（3139）(iii)



## Dialogue with Shareholders and Investors

- Currently,We hold regular dialogue with investors in Japan.

**Main events** * FY11/2024 results

| Activities | Event details | | Representative |
|---|---|---|---|
| For institutional investors | Financial results briefing (full year and 2nd quarter) | Twice | President, Executive Vice President (in charge of Investor & Public Relations) |
| | Individual meetings (mainly with domestic institutional investors) | 1H: 54 times<br>2H: 61 times<br>* Total number of meetings | Executive Vice President (in charge of Investor & Public Relations), Manager of Investor Relations & Public Relations Department |
| | Small meetings (brokerage firms) | 3 times | Executive Vice President (in charge of Investor & Public Relations), Manager of Investor Relations & Public Relations Department |
| | Shareholder meetings (mainly with domestic institutional investors) | 10 times | Executive Vice President (in charge of Investor & Public Relations), Manager of Investor Relations & Public Relations Department |
| For individual investors | Briefings for individual investors | Twice | President |

**Main themes of dialogue**

1. Recent business performance and the business environment
   - Progress of business performance (vs. initial forecast and full-year forecast)
   - Changes in the operating environment, skim milk powder inventory in Japan, and future outlook
   - Business environment and business development in Asia
2. Medium-term growth strategy
   - Initiatives for the growth of core and priority businesses
   - Investment plan (status of the new Singapore plant)
   - Approach to financial strategy
   - Shareholder Returns Policy
3. Disclosure of sustainability initiatives and related information
   - Progress of the succession plan (corporate governance)

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- **In addition to the main themes of investor dialogue, they clearly disclose key examples of dialogue along with perspectives and implementation status.** (→Point III.3)

## Dialogue with Shareholders and Investors

- Details of dialogue with shareholders, investors, etc. (Examples of key dialogue)

| Questions and comments from shareholders and investors | Summary of our responses |
|---|---|
| Tell us about changes in the operating environment. | Demand for domestic dairy ingredients, particularly those for commercial use, began to recover. In terms of supply, demand recovered for imported ingredients despite the weak yen. This was because the international prices of dairy ingredients became stable and because the inventory of overstocked skim milk powder, which had negatively affected the Japanese market, began to decline. |
| Please improve the dividend payout ratio (a request regarding the shareholder return policy). | We regard shareholder returns as the most important management issue. We are seeking to increase the dividend payout ratio while balancing growth and returns. We had strong earnings this fiscal year. Therefore, we decided to increase shareholder returns and raise dividend during the year. We expect to achieve a 25% payout ratio set forth in the Corporate Business Plan ahead of schedule. We intend to maintain our current stance and further increase our dividend payout ratio. |
| Tell us about the progress of the succession plan. | The Nomination and Compensation Advisory Committee conducts interviews with executive officers and managers (department managers). The committee discusses the information obtained in these interviews. This content is also shared with the Board of Directors. |
| Tell us about the relocation of the Cheese Manufacturing & Sales Business in Singapore to a new plant. | The expansion of the Cheese Manufacturing & Sales Business in Asia is one of the priority measures in the Group's growth strategy. Preparations for the new factory are progressing smoothly, with the aim of launching operations starting in FY11/2026. |
| Tell us about the management that considers ROIC. | We will introduce ROIC as a management performance indicator for each division. We began to calculate ROIC this fiscal year (FY11/2024) to grasp the current situation regarding profitability. We began to have discussion with each department to share our ideas and thoughts. We are preparing to use ROIC in formulating strategies for each business division and in evaluating employees starting in the next fiscal year (FY11/2025).<br>We hold study sessions to ensure that all employees have a thorough understanding of ROIC. |

## Dialogue with Shareholders and Investors

- We have expanded information disclosure in response to the feedback received during our dialogue with shareholders and investors. We also improved our disclosure format and information dissemination tools.
- We plan to expand English-language disclosure and release sustainability-related KPIs in the future.

| | Questions and comments from shareholders and investors | Our responses |
|---|---|---|
| Information disclosure in English | English-language information disclosure should be improved.<br>(Request by the Tokyo Stock Exchange) | For timely disclosure items, our basic stance is to disclose information both in Japanese and English at the same time. We also release summaries of financial results (kessan tanshin) in English (from April 2024). |
| Enhanced shareholder returns | Please raise your dividend payout ratio. | We have been increasing our dividend payments and payout ratio continuously since we went public. For FY11/2024, we decided to increase dividends during the year in line with our business performance. We expect to achieve a 25% payout ratio set forth in the Corporate Business Plan ahead of schedule. |
| Sustainability-related issues | You should make more aggressive efforts to expand disclosure of climate change-related information. | We issued Integrated Report Vol. 2 to expand the disclosure of non-financial information (August 2024).<br>We established the Corporate Sustainability Department to strengthen our sustainability initiatives (October 2024). |
| Financial strategy | You should consider the balance sheet and capital efficiency in managing your business. | We introduced ROIC as a management indicator for each division (from FY11/2024). |

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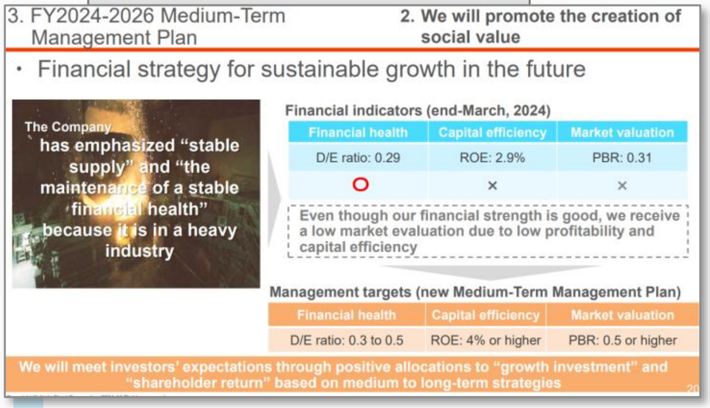
Source: Lacto Japan Co., Ltd. FY11/2024 Financial Results Briefing (January 2025) Pages 16-18
https://www.lactojapan.com/en/ir/library/earnings/main/07/teaserItems1/01116/linkList/04/link/HP_FY11%202024%20Financial%20Results%20Briefing_E.pdf

# Aichi Steel（5482）(i)

## Published May 2024

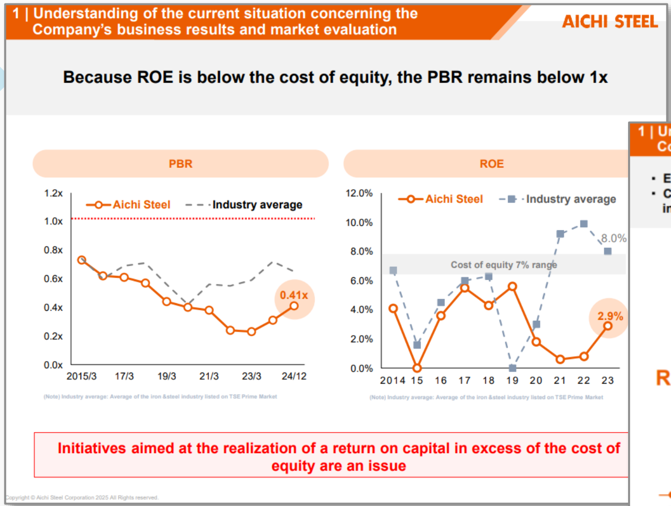


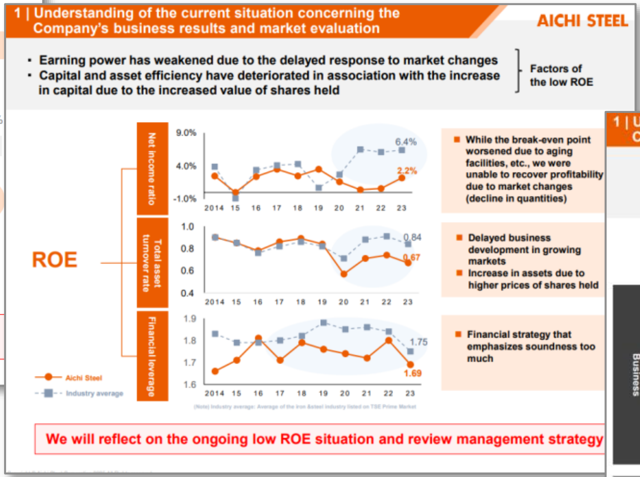

## Voice of Investors

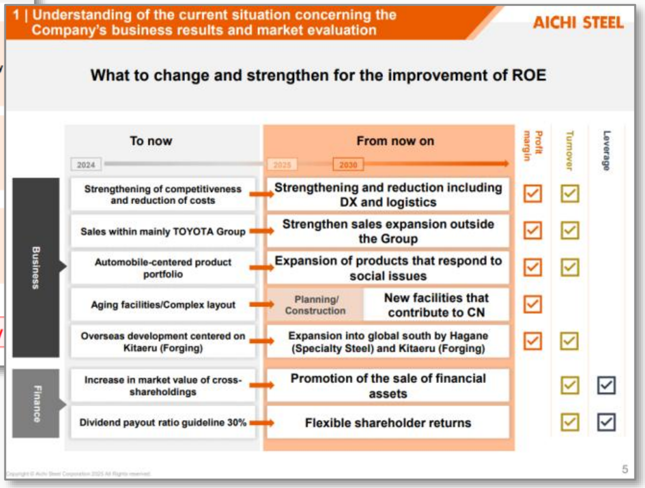
Given the current situation where the PBR remains below 1x even after the mid-term plan formulation, the company has added a long-term goal to achieve ROE exceeding the cost of capital during the mid-term plan period and refined each initiative. With the long-term vision now clarified, the plan offers promising prospects for future growth and improved capital efficiency.

- Carefully analyzed the situation one year after the mid-term plan formulation. Identified challenges for improving ROE and PBR, and recognized the need to reassess target setting and initiatives. (→Point I.2 & Point II.1)

## Published Feb. 2025

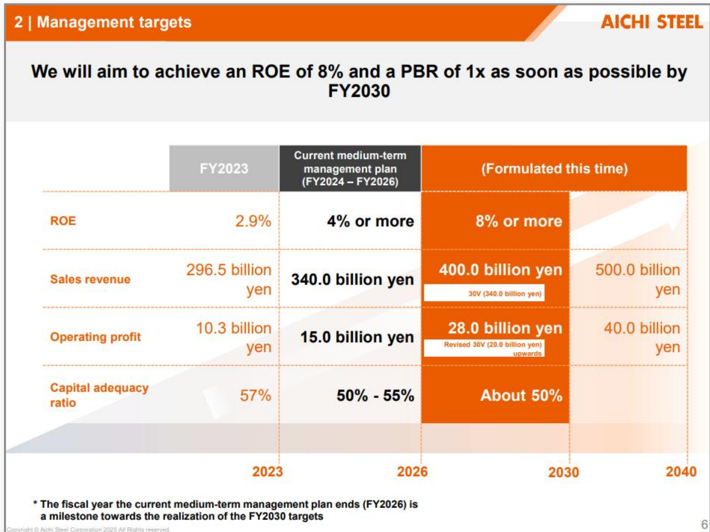



Source: (Top) Aichi Steel Corporation, Mid-Term Management Plan for Fiscal Years 2024-2026 (May 30, 2024), Page 20
https://www.aichi-steel.co.jp/_assets/dl/about/pdf/202406_MGPLAN.pdf
(Bottom) Aichi Steel Corporation: Mid-Term Management Plan Update for FY2024-2026 (February 26, 2025) Pages 3, 4, 5
https://contents.xj-storage.jp/xcontents/AS00059/ae915882/ff1b/4909/9166/e991b17c1326/20250314112502138s.pdf

# Case 15 Aichi Steel（5482）(ii)

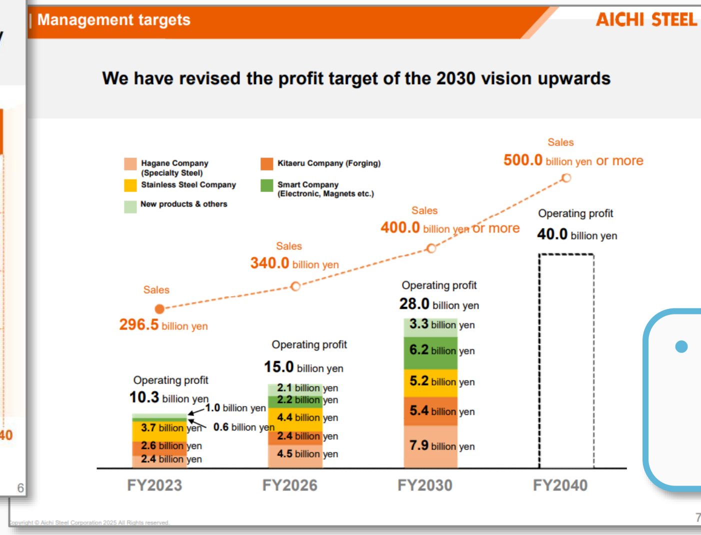


2 | Management targets AICHI STEEL

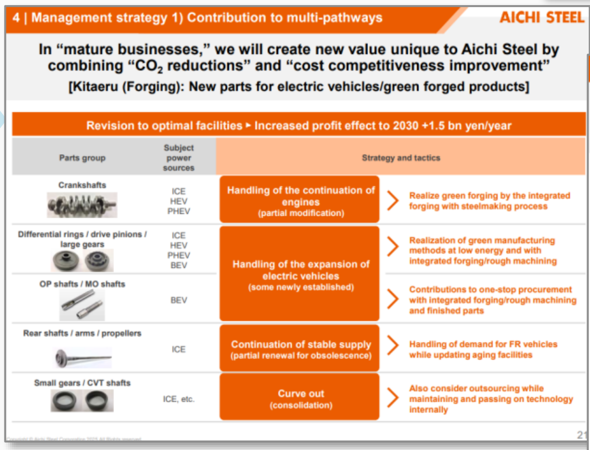
We will aim to achieve an ROE of 8% and a PBR of 1x as soon as possible by FY2030

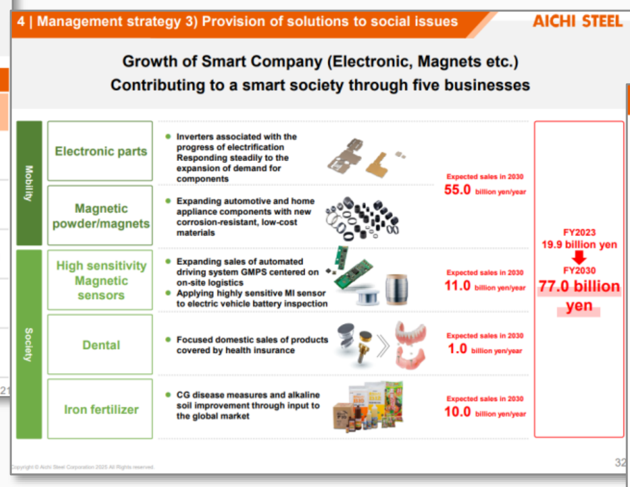
| | FY2023 | Current medium-term management plan (FY2024 – FY2026) | (Formulated this time) | |
|---|---|---|---|---|
| ROE | 2.9% | 4% or more | 8% or more | |
| Sales revenue | 296.5 billion yen | 340.0 billion yen | 400.0 billion yen (30V (340.0 billion yen)) | 500.0 billion yen |
| Operating profit | 10.3 billion yen | 15.0 billion yen | 28.0 billion yen (Revised 30V (20.0 billion yen) upwards) | 40.0 billion yen |
| Capital adequacy ratio | 57% | 50% - 55% | About 50% | |
| | 2023 | 2026 | 2030 | 2040 |

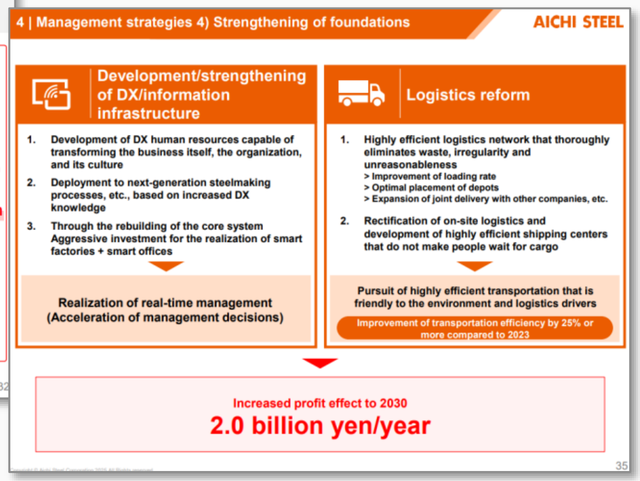
* The fiscal year the current medium-term management plan ends (FY2026) is a milestone towards the realization of the FY2030 targets




- Set long-term target of achieving ROE exceeding the cost of capital and revised target profits upward. Made improvements to each initiative accordingly. (→Point II.1 & Point III.4)



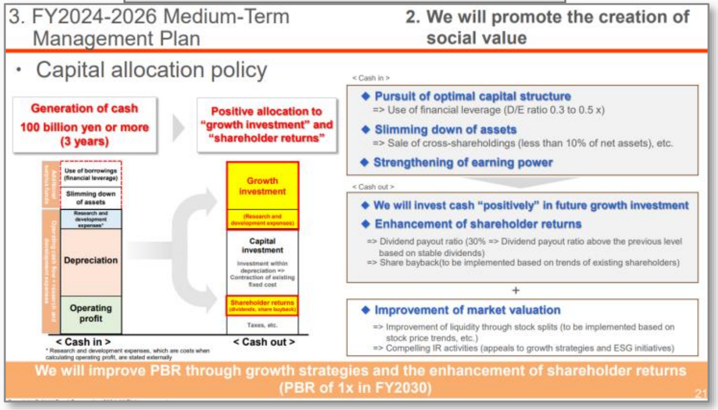




Source: Aichi Steel Corporation, Mid-Term Management Plan Update for FY2024-2026 (February 26, 2025), Pages 6, 7,, 21, 32,35
https://contents.xj-storage.jp/xcontents/AS00059/ae915882/ff1b/4909/9166/e991b17c1326/20250314112502138s.pdf

# Aichi Steel（5482）(iii)

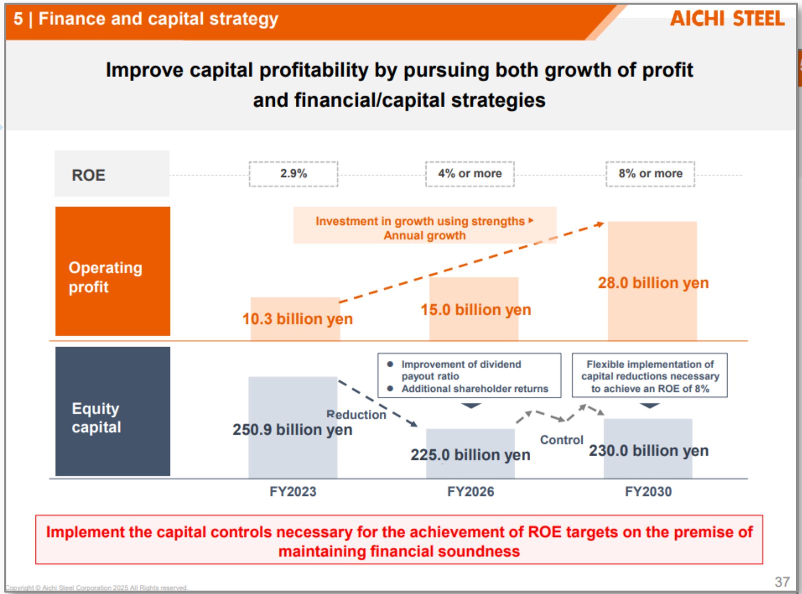


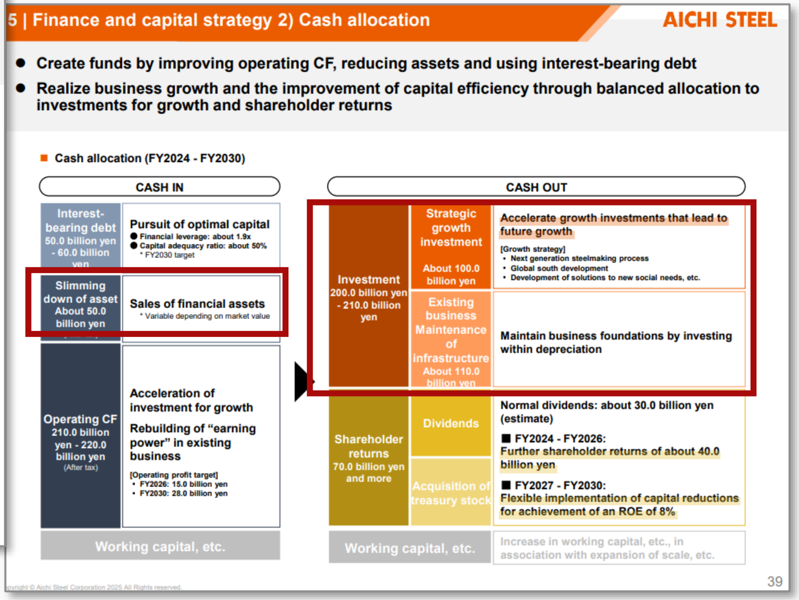
## Published May 2024




- Alongside business and growth strategies, the company has refined their financial and capital strategies. They have announced a policy to reduce equity capital while improving operating profit, and have specifically disclosed plans to allocate generated cash toward growth investments and shareholder returns. (→Point II.2 & Point III.4)

## Published Feb. 2025




Source: (Top) Aichi Steel Corporation, Mid-Term Management Plan for FY2024-2026 (May 30, 2024), Page 21
https://www.aichi-steel.co.jp/_assets/dl/about/pdf/202406_MGPLAN.pdf
(Bottom) Aichi Steel Corporation, Mid-Term Management Plan Update for FY2024-26 (February 26, 2025), Pages 37, 39 (Red boxes added by TSE)
https://contents.xj-storage.jp/xcontents/AS00059/ae915882/ff1b/4909/9166/e991b17c1326/20250314112502138s.pdf

# Hochiki（6745）(i)

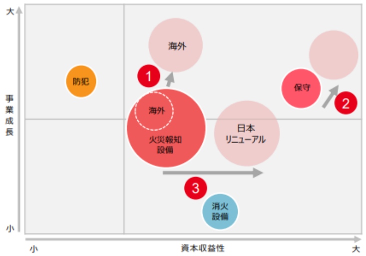


## Published May 2024

### 事業ポートフォリオ最適化計画（Phase1／2027/3月期）

HOCHIKI

事業ポートフォリオの評価に基づき、
①海外事業
②保守事業
③リニューアル事業
の3部門を注力事業と位置づけ、戦略的な事業計画と経営資源配分を実行することで、事業全体の収益性を向上させることを目指す。




| | 事業ポートフォリオ最適化のポイント | 最適化の方向性 | 売上高 |
|---|---|---|---|
| ① 海外 | ● 過去5年の売上高CAGRが最も高い。<br>● 市場成長率も国内と比較して高くなることが見通されている。 | 成長性を踏まえて、事業を拡大することと併せて収益性を改善する。 | 2024/3月期 実績 192億円 → 2027/3月期 計画 230億円 +19.6% +37億円 |
| ② 保守 | ● 事業セグメント別のROICが最も高い。<br>● 防火対象物は増加傾向。<br>● 労働集約型ビジネスであるが、スマート化の余地は十分にあり、事業拡大チャンスあり。 | 投下資本利益率が高い事業特性を踏まえて、投下資本を更に増強して事業拡大を目指す。 | 2024/3月期 実績 199億円 → 2027/3月期 計画 213億円 +6.7% +13億円 |
| ③ リニューアル | ● 国内の主力事業。<br>● リニューアルシフトを進めてきており、施工負荷平準化と収益性改善を確実に実行してきている。 | 今後増加する需要を確実に捉えるための事業基盤を強化することで更なる収益性向上を目指す。 | 2024/3月期 実績 140億円 → 2027/3月期 計画 165億円 +5.1% +25億円 |

※これまで単体の数値を開示しておりましたリニューアル売上高について、2025年3月期より連結まで対象を拡大する見直しを行っております。
これにより、2027年3月期の数値は変更後の数値を表示しています。なお、2024年3月期の数値については2027年3月期と比較する場合のみ変更後の数値にて表示しています。

 6

*Note: The disclosure documents shown in this slide are available in Japanese only.*

## Voice of Investors

To enhance capital profitability, the company is advancing the optimization of their business portfolio. Even after disclosing their policy, they carefully explain its progress and challenges, while also presenting the direction of future measures based on this understanding. Furthermore, by breaking down the business portfolio strategy and explaining goals and initiatives segment by segment, the content makes it easier to gain confidence in the execution capability and effectiveness of their efforts.

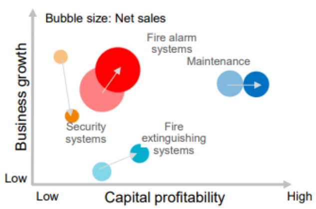
- **To enhance capital profitability, they are advancing the optimization of their business portfolio. They provide a detailed explanation of the progress and challenges, and based on that, present the direction of future measures.** **（→Point II.2 & Point III.4）**

## Published May 2025

### Basic Policy 1: Capital Profitability Improvement through Optimized Business Portfolio

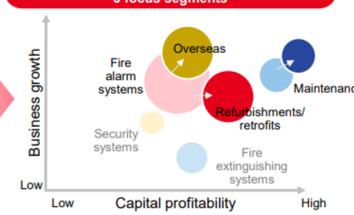
HOCHIKI

**FY3/2025 Actual (compared to previous fiscal year)**




| | |
|---|---|
| Fire Alarm Systems | Business growth rate is improving due to increase in overseas sales. In domestic business, capital profitability is improving due to increase in refurbishment/retrofit sales. |
| Maintenance | Profitability increased thanks to growth in improvement work; capital profitability improved as well. |
| Fire Extinguishing Systems | Improvement seen in both business growth rate and capital profitability, thanks in part to high profits from large-scale fire extinguishing system projects for tunnels. |
| Security Systems | Business growth rate declined due to decrease in OEM security production sales. Capital profitability improved with improved order cost ratios. |

**Target directions for Phase1 (FY3/2027) for 3 focus segments**




#### Direction of Portfolio Optimization (Summary)

| Segment | | Progress/Issues | Net Sales: FY3/2025 Actual | Net Sales: YoY Change | Net Sales: FY3/2027 Target | Net Sales: Progress | Measures |
|---|---|---|---|---|---|---|---|
| Fire Alarm Systems | (1) Overseas | • Highest net sales CAGR.<br>• Organic market growth expected to continue.<br>• Moving into mid-/large-scale market through system field expansion. | ¥22.5 billion | 17.4%<br>¥3.3 billion | ¥24.8 billion | 90.7% | • Investment in development for system field expansion.<br>• Investment in production capacity increase. |
| Fire Alarm Systems | (2) Refurbishments/ retrofits | • Latent demand for refurbishment/retrofits expected to grow.<br>• Balance between orders received for new installation work (which should secure certain share) and those for refurbishment/retrofit work must be optimized. | ¥15.6 billion | 12.0%<br>¥1.6 billion | ¥16.5 billion | 94.5% | • Invest to build workforce foundation (including partner installation companies) that enables higher installation capacity. |
| Maintenance | (3) Maintenance | • Highest ROIC among business segments.<br>• Number of properties subject to fire prevention measures (sales population) on upward trend.<br>• Key to business expansion is creating manufacturer-conducted inspection service. | ¥21 billion | 5.6%<br>¥1.1 billion | ¥21.3 billion | 98.6% | • Because this segment has such high ROIC, planning to bolster business platform through digital transformation/smartification of labor-intensive business model. |

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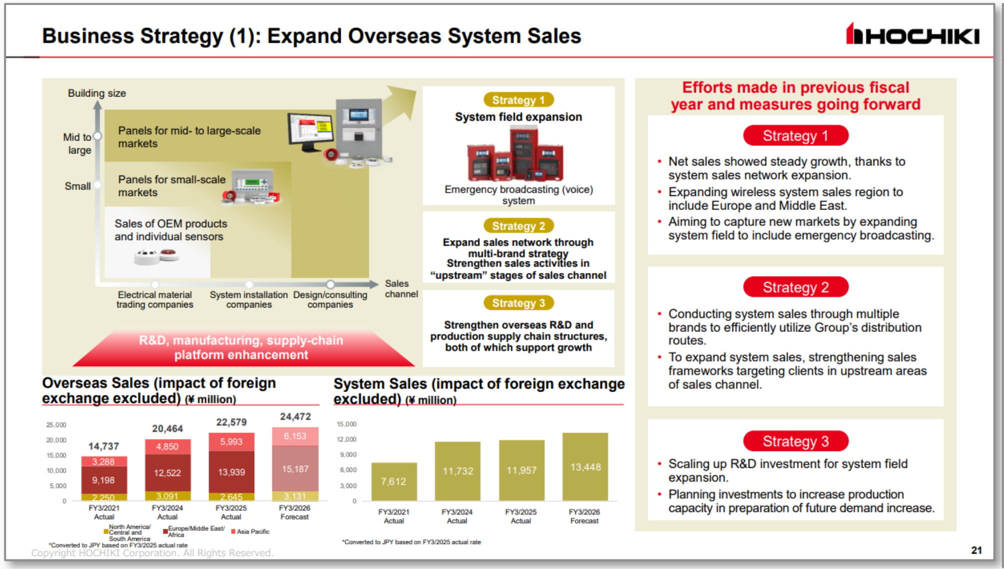
Source: Hochiki Corporation (Top Left) Regarding Measures to Realize Management Focused on Cost of Capital and Stock Prices (May 29, 2024) Page 6 https://www2.jpx.co.jp/disc/67450/140120240527508882.pdf
(Bottom right) Financial Summary for the Fiscal Year (May 20, 2025) Page 20 https://ssl4.eir-parts.net/doc/6745/ir_material_for_fiscal_ym7/181674/00.pdf

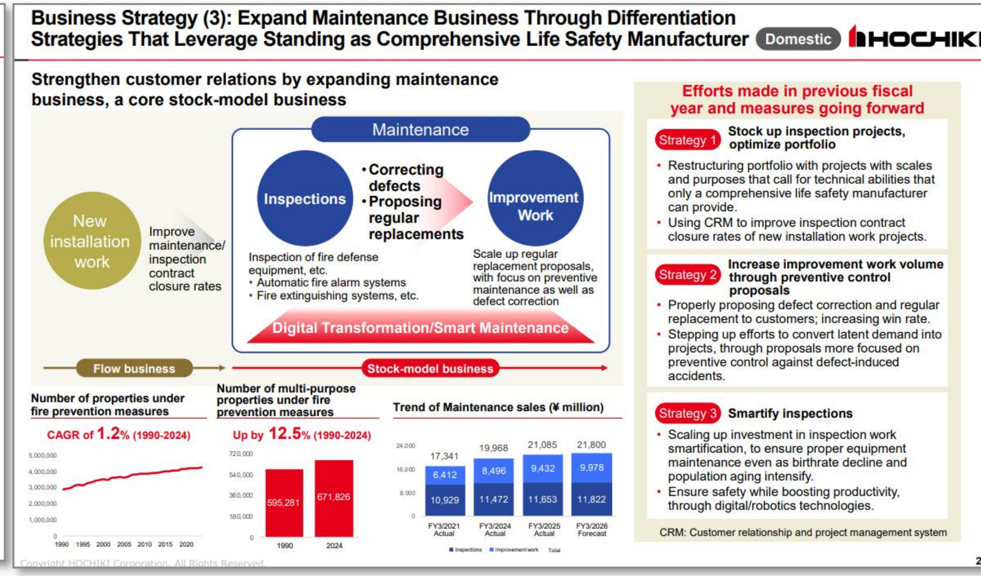
# Hochiki（6745）(ii)

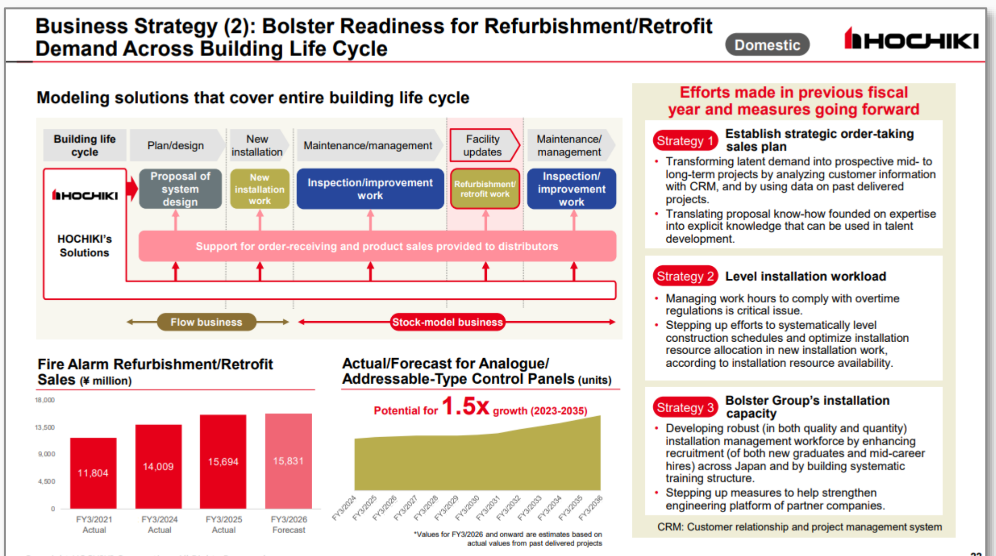
TOPIX Small

Electrical Equipment

JPX



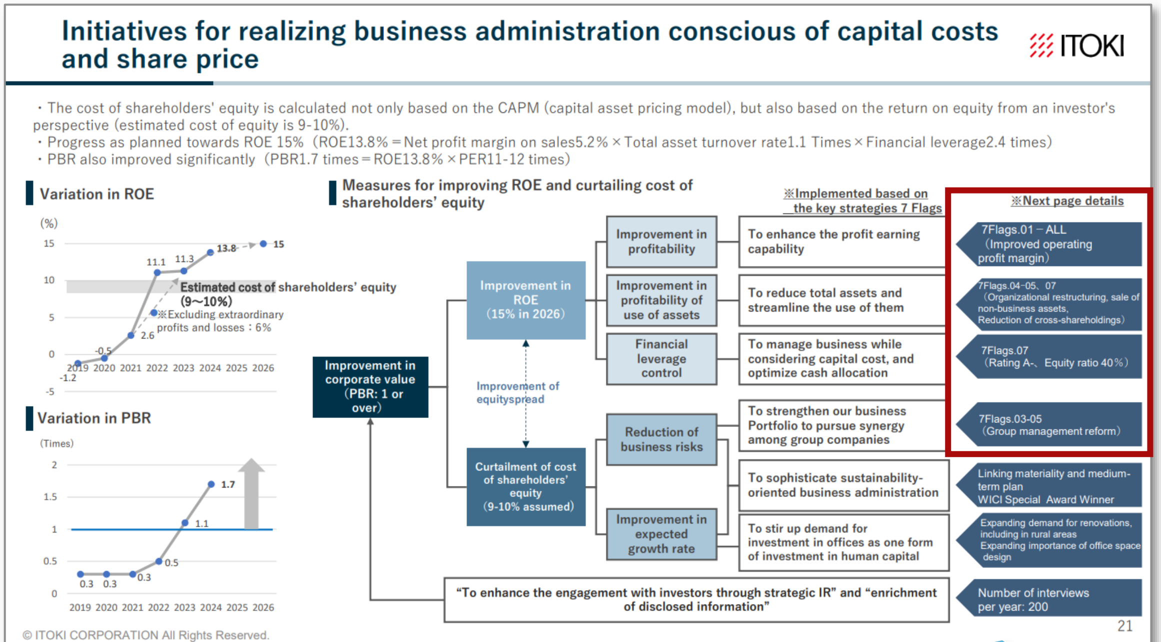

- **Breaks down the business portfolio strategy and provide specific explanations of segment-specific goals and future measures to achieve them**
  (→Point II.2)

Source: Hochiki Corporation Financial Summary for the Fiscal Year (May 20, 2025), Pages 21–23
https://ssl4.eir-parts.net/doc/6745/ir_material_for_fiscal_ym7/181674/00.pdf

# Itoki（7972）(i)

## Voice of Investors

**The mid-term plan clearly explains how each key strategy contributes to enhancing corporate value, using tools like logic trees. Intellectual property strategy is also examined as part of the management strategy for boosting corporate value, with concrete results disclosed—a point that serves as a reference for other companies.**




### Key strategies 7Flags

Along with advancing the structural reform project and addressing problems, we have positioned the 7 Flags as key strategies to respond to environmental changes and enhance sustainable growth. Flags 1, 2, and 3 mainly represent revenue, while Flags 4 and 5 represent costs. Flag 6 represents human capital (reform of HR systems and investment in human capital), the foundation for medium- and long-term growth. Flag 7 represents cash allocation and management that is conscious of capital costs and the stock price. Through these strategies we will strengthen our business portfolio. Note that Flag 2 aims to build a unique business model utilizing data and AI to change the rules of competition in the office industry.

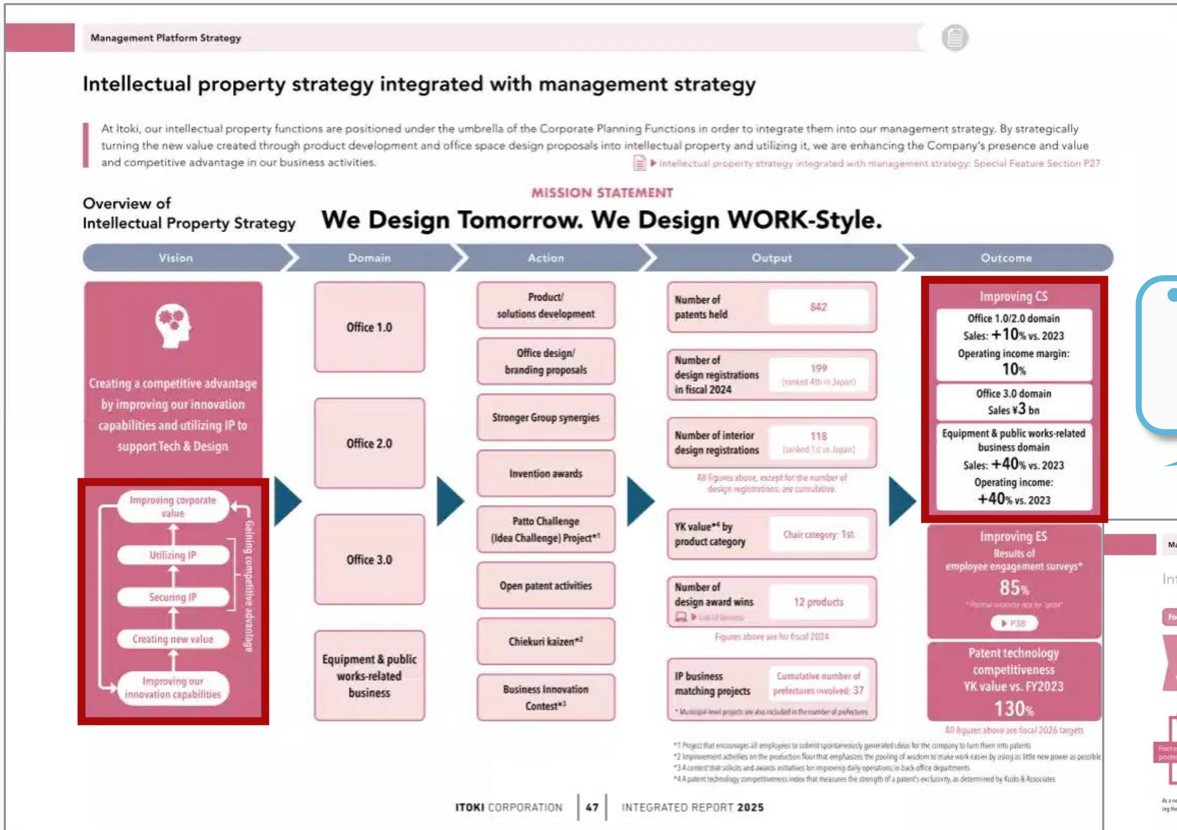
| | |
|---|---|
| 1 Office 1.0/2.0 domain*1 | For new ways of working and the office spaces that implement those ways of working, Strengthen value-added proposals and secure a base for sales and profits |
| 2 Office 3.0 domain*2 | With the IoT of office furniture and spatial sensing, develop services that provide optimal working styles and office spaces |
| 3 Specialized facilities domain | In the areas of logistics facilities and research facilities allocate resources to development and engineering to develop it into the second pillar of our business |
| 4 High profitability | By restructuring the group's production and supply system and revamping the company's internal IT infrastructure, Improve production and business efficiency |
| 5 Group synergy | Through structural reform projects implemented by Itoki alone we will spread our success stories to group companies and pursue group synergy |
| 6 Human capital | With personnel system reform at the core, encourage proactive and proactive "creativity and ingenuity" |
| 7 Financial strategy | From a medium- to long-term perspective, plan and implement growth strategy investments, employee returns, and shareholder returns |

*1 Office 1.0: product-based sales business / Office 2.0: office space-based product solutions business
*2 Office 3.0: work style-based office DX business

- **Created a logic tree for enhancing corporate value, clarifying the pathways through which each initiative identified as a key strategy contributes to increasing corporate value.** **(→Point II.5)**

Source: (Left) Itoki Corporation Supplemental Information To Financial Results for FY Ended December 31, 2024 (February 13, 2025) Page 21 (red boxes added by TSE)
https://ssl4.eir-parts.net/doc/7972/ir_material_for_fiscal_ym15/176709/00.pdf
(Right) Itoki Corporation Integrated Report 2024 Page 28 (red box added by TSE) https://ssl4.eir-parts.net/doc/7972/ir_material_for_fiscal_ym16/164445/00.pdf

# Itoki（7972）(ii)



Management Platform Strategy

## Intellectual property strategy integrated with management strategy

At Itoki, our intellectual property functions are positioned under the umbrella of the Corporate Planning Functions in order to integrate them into our management strategy. By strategically turning the new value created through product development and office space design proposals into intellectual property and utilizing it, we are enhancing the Company's presence and value and competitive advantage in our business activities.

▶ Intellectual property strategy integrated with management strategy: Special Feature Section P27

Overview of Intellectual Property Strategy

MISSION STATEMENT

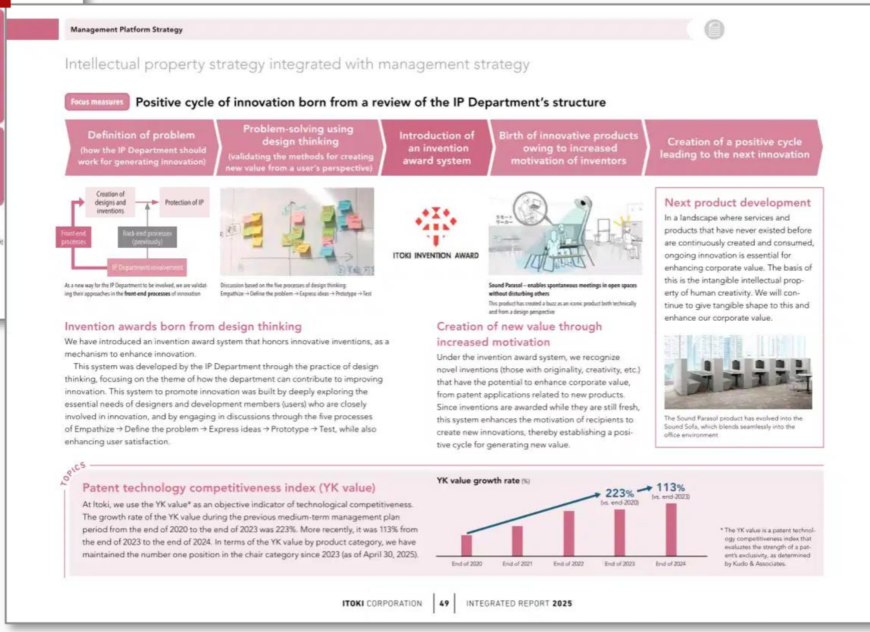
**We Design Tomorrow. We Design WORK-Style.**



*1 Project that encourages all employees to submit spontaneously generated ideas for the company to turn them into patents
*2 Improvement activities on the production floor that emphasizes the pooling of wisdom to make work easier by using as little new power as possible
*3 A contest that solicits and awards initiatives for improving daily operations in back office departments
*4 A patent technology competitiveness index that measures the strength of a patent's exclusivity, as determined by Kudo & Associates

ITOKI CORPORATION | 47 | INTEGRATED REPORT 2025

- As part of their management strategy to enhance corporate value, the company is advancing their intellectual property strategy and explain the results of this initiative in detail. (→Point II.2 & Point II.5)



Management Platform Strategy

Intellectual property strategy integrated with management strategy

### Focus measures Positive cycle of innovation born from a review of the IP Department's structure



As a new way for the IP Department to be involved, we are validating their approaches in the **front-end processes** of innovation

Discussion based on the five processes of design thinking: Empathize → Define the problem → Express ideas → Prototype → Test

**Sound Parasol – enables spontaneous meetings in open spaces without disturbing others**

This product has created a buzz as an iconic product both technically and from a design perspective

#### Invention awards born from design thinking

We have introduced an invention award system that honors innovative inventions, as a mechanism to enhance innovation.

This system was developed by the IP Department through the practice of design thinking, focusing on the theme of how the department can contribute to improving innovation. This system to promote innovation was built by deeply exploring the essential needs of designers and development members (users) who are closely involved in innovation, and by engaging in discussions through the five processes of Empathize → Define the problem → Express ideas → Prototype → Test, while also enhancing user satisfaction.

#### Creation of new value through increased motivation

Under the invention award system, we recognize novel inventions (those with originality, creativity, etc.) that have the potential to enhance corporate value, from patent applications related to new products. Since inventions are awarded while they are still fresh, this system enhances the motivation of recipients to create new innovations, thereby establishing a positive cycle for generating new value.

#### Next product development

In a landscape where services and products that have never existed before are continuously created and consumed, ongoing innovation is essential for enhancing corporate value. The basis of this is the intangible intellectual property of human creativity. We will continue to give tangible shape to this and enhance our corporate value.

The Sound Parasol product has evolved into the Sound Sofa, which blends seamlessly into the office environment

TOPICS

#### Patent technology competitiveness index (YK value)

At Itoki, we use the YK value* as an objective indicator of technological competitiveness. The growth rate of the YK value during the previous medium-term management plan period from the end of 2020 to the end of 2023 was 223%. More recently, it was 113% from the end of 2023 to the end of 2024. In terms of the YK value by product category, we have maintained the number one position in the chair category since 2023 (as of April 30, 2025).

* The YK value is a patent technology competitiveness index that evaluates the strength of a patent's exclusivity, as determined by Kudo & Associates.

ITOKI CORPORATION | 49 | INTEGRATED REPORT 2025

Source: Itoki Corporation, Integrated Report 2025, pages 47 and 49 (red boxes added by TSE)
https://www.itoki.jp/company/ir/accounts/anual/assets/pdf/accounts_annual_2025_en_00.pdf

# Itoki（7972）(iii)

- Discloses the progress of key strategies outlined in their mid-term plan in an easy-to-understand manner, along with future initiatives. (→Point III.4)

## Progress of priority strategies in the medium-term management plan

ITOKI

| | KPIs in 2026 | 1H of 2025 (results) | 2H of 2025 (forecast) |
|---|---|---|---|
| 7Flags 01 **Office1.0/2.0 domain** | • Sales, up 10% from 2023<br>• Operating profit margin: 10% | • Sales: up 19% from 1H of 2023<br>• Operating profit margin: 14.1% (10.7% in 1H of 2023) | • To meet the demand for renovation in local areas, too, under the belief that “the investment in offices is effective for human capital-oriented business administration”<br>• To develop a business model of getting involved with office creation from the upstream stage |
| 7Flags 02 **Office3.0 domain** | • Annual sales: 3 billion yen<br>• Cumulative investment amount in 3 years: 2.5 billion yen | • Data Trekking Number of price estimates 5.5 times (Compared to the first half of 2024)<br>• Cumulative investment amount: About 1 billion yen (2024~2025 2Q results) | • To raise the recognition level as a solution to office problems through data-based assessment and increase contracts<br>• Solution to the shortage of meeting rooms: sales promotion of Reserve Any |
| 7Flags 03 **Domain of specialized facilities** | • Sales: 30 billion yen<br>• Operating profit: 2 billion yen<br>• Strengthening of the development system: 50 more staff members | • The profit in this domain increased about two times between 1H of 2023 and 1H of 2025.<br>• Release of products (such as an automatic medicine picking system) in new markets<br>• Strengthening of development structure (total of 30 specialists) | • To expand the market share by releasing new products, such as an automatic conveyance system specializing in storage and a containment pulverizer)<br>• To promote sales by offering a variety of SAS-R units<br>• To establish the maintenance and inspection business as soon as possible<br>• Recruitment from Hanoi University of Technology: 1 person in October 2025 and 2 people in January 2026 |
| 7Flags 04 **Profitability enhancement** | • Manufacturing and distribution costs: down 5% from 2023<br>• Operating profit per employee: up 50% from 2023<br>• Cumulative investment in IT: 8 billion yen | • Ratio of costs to sales: 3.1% (down) compared with 1H of 2023<br>• ERP (SCM system) started operation in Jun. 2025.<br>• Investment in IT: approx. 5 billion yen | • Streamlining of logistics: Relocation of Kansai Distribution Center, the use of flat packages, and the standardization of pallets<br>• Improvement in operating profit per employee: promotion of improvement in productivity by the new ERP |
| 7Flags 05 **Synergy among group companies** | • Operating profit margin of consolidated group companies: up 2% from 2023<br>• Cash outflow from the group: down 3 billion yen | • Measures for reducing the cash outflow from the group were conducted actively and steadily.<br>• Operating profit margin of group companies: 10.4% in 1H of 2025, up over 2% from 7.0% in 1H of 2023. | • To actively reduce costs by linking the functions of group companies and producing products in house<br>• To curtail the cash outflow from the group: The cash outflow is expected to be reduced by about 2.5 billion yen (over 80%) by the end of 2025. |
| 7Flags 06 **Human capital** | • Employees’ engagement: 85%<br>• Ratio of female managers: 13% | • Ratio of employees’ engagement: 82.5%(2024)<br>• Ratio of female managers: 13.2%(February 2025) | • To continue measures for motivating employees and increase employees’ engagement to 85%<br>• To make continuous efforts to raise the ratio of female managers to 13%, which is the initial goal |
| 7Flags 07 **Financial strategy** | • Cash allocation<br>Strategic investment/R&D/capital investment: 40 billion yen<br>Investment in human capital: 10 billion yen<br>We aim to achieve a payout ratio of 40%. | • Investment was carried out as planned.<br>• Payout ratio: 37.4% (2024)<br>• Start of shareholder benefits(2024)<br>• Obtain an A- rating(2024) | • To discuss diverse fund procurement methods<br>• Payout ratio is expected to be 38.6%(2025). |

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Source: Itoki Corporation Supplemental Information To Financial Results First Six Months of FY Ending December 31, 2025 (August 5, 2025) Page 13
https://ssl4.eir-parts.net/doc/7972/ir_material_for_fiscal_ym15/187685/00.pdf

# Takara Standard（7981）(i)

## Enhancement of IR Activities:
### Status of Implementation of Dialogue with Shareholders and Investors

With the aim of achieving sustainable growth and enhancing corporate value, we actively engage in constructive dialogue with our shareholders and investors. We also provide timely feedback within the company on the content and outcomes of such dialogue.

**Results of dialogue FYE Mar. 2025**

| | Implemented by | number of companies and meetings |
|---|---|---|
| institutional investor meetings | President, Executive Officer in charge of IR department, IR department head, IR department member | Overseas: 11 companies, 15 times<br>Domestic: 20 companies, 29 times |
| Briefings for Institutional Investors | President | 2 times |
| Briefings for individual investors | President | 2 times |
| General Meeting of Shareholders | All Directors and Audit & Supervisory Board Members | 1 time |

**In-house feedback**

■ **Primary feedback content**
- **Board of Directors (6 times)**
  - Improving return on capital
  - IR activities
  - Status of Shareholders
- **Management, Relevant Divisions** (As necessary)
  Each relevant theme, including the above

■ **Items incorporated based on dialogue**
- Raising ROE targets with consideration of the cost of equity
- Implementing dividend increases and purchase of treasury shares to improve capital profitability and enhance shareholder returns
- Holding a new institutional investor briefing for the fiscal year and Q2 results (with the CEO in attendance)
- CEO's participation in a briefing for individual investors
- Issuing our first integrated report
- Simultaneous release of English-language materials for the Q3 earnings presentation alongside the Japanese version

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- **Discloses the status of dialogues with shareholders and investors, and updates disclosure content based on opinions obtained through these dialogues.** (→Point III.3 & Point III.4)

## Voice of Investors

**The company goes beyond merely exchanging information with shareholders and investors; they actively feed back the insights gained into the company, incorporating them into their management strategy through goal setting and updates to initiatives. Furthermore, they clearly explain how each initiative contributes to achieving their goals, conveying genuine commitment to seriously engaging with the market and enhancing corporate value.**

## Background of the New Policy Formulation

Through proactive engagement with investors regarding the medium term management plan 2026, various opinions were received. Based on these, We recognized the need to formulate of a new policy.

| | Investor's Main Opinion | Recognition of Issues | |
|---|---|---|---|
| KPI | • The rationale for achieving the performance targets is considered weak<br>• The minimum acceptable ROE is 8%, with 7% deemed too low | Need to revise ROE targets in line with investor expectation | Financial Strategy Reform<br>Formulation of new shareholder return policy P.4～ |
| Financial Strategy | • The current financial strategy may not be sufficient to achieve the ROE target<br>• The use of abundant cash should be disclosed | Need for significant reform of financial strategy to improve ROE | |
| Business Strategy | • The contribution of each measure to earnings is unclear<br>• There is insufficient specificity in the growth strategy, making it hard to visualize the long-term corporate value enhancement story | Need to expand information disclosure on profit growth initiatives and growth strategy | Medium Term Management Plan 2026 Profit Growth Initiatives P.9～<br>Medium- to Long-term Growth Strategy P.13～ |

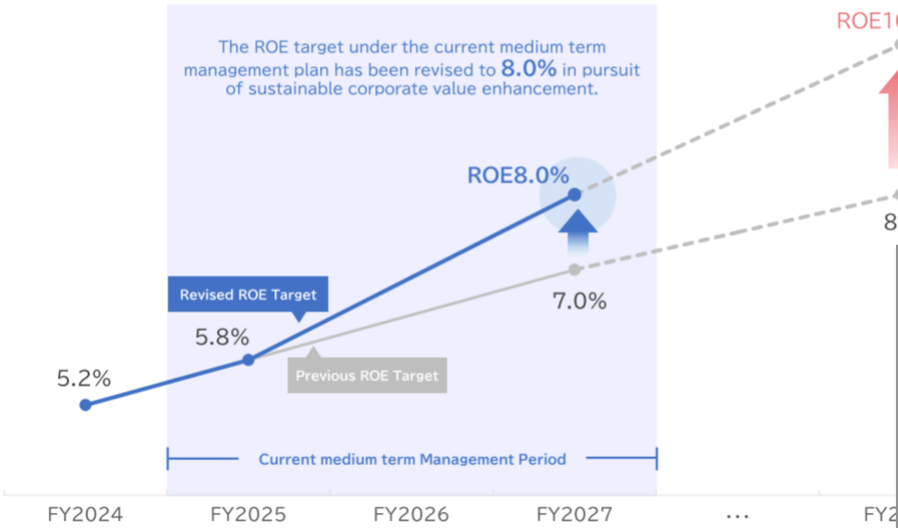
3

Source: Takara Standard Co., Ltd. New Shareholder Return Policy and Profit Growth Initiatives to Achieve 8% ROE (May 8, 2025) Pages 3 and 22
https://www.takara-standard.co.jp/files/ir/en/Other_Disclosures/FY2025/EN_Disclosure_20250508-01.pdf

# Takara Standard（7981）(ii)

## Revision of ROE Target

In order to achieve sustainable enhancement of corporate value, we have revised our ROE target for FYE Mar. 2027 to 8.0%, reflecting ongoing dialogue with investors and shareholders. Over the long term, we aim to maintain ROE of 10.0% or higher.



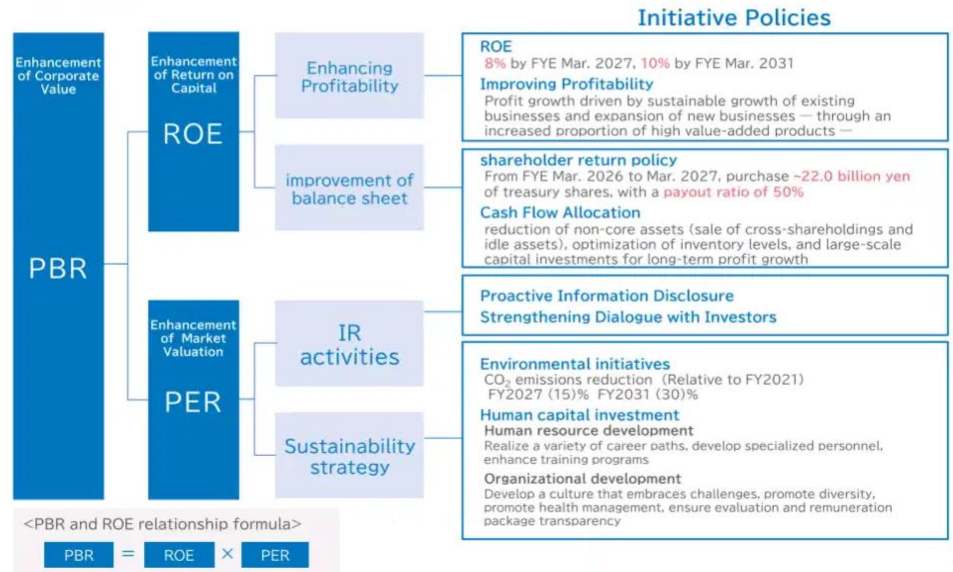

Note: Fiscal year ends in March

- Based on discussions with investors and shareholders, the company revises upward their target setting during their mid-term management plan period. (→Point II. 1)

- The company uses a PBR logic tree to clearly explain how each initiative contributes to enhancing corporate value. (→Point II.5)

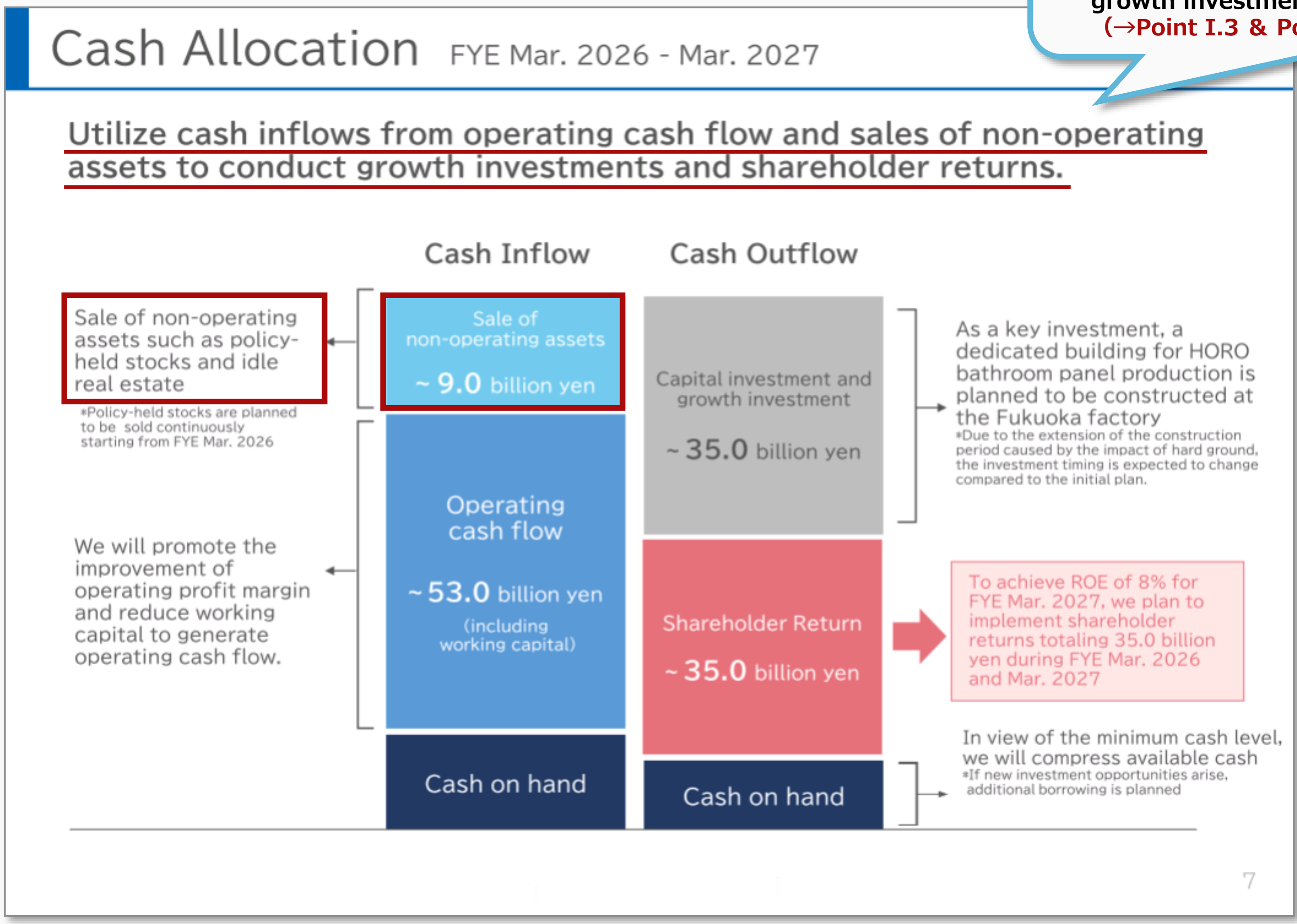
## Initiatives for Improving PBR (PBR Logic Tree)

To improve PBR, we aim to enhance ROE and expand PER by implementing the following initiatives.




Source: Takara Standard Co., Ltd. New Shareholder Return Policy and Profit Growth Initiatives to Achieve 8% ROE (May 8, 2025) Pages 2 and 21
https://www.takara-standard.co.jp/files/ir/en/Other_Disclosures/FY2025/EN_Disclosure_20250508-01.pdf

- **The company has clearly stated its cash allocation policy: while promoting the sale of non-operating assets such as strategically held shares and idle real estate, they will strengthen growth investments and shareholder returns.** **（→Point I.3 & Point II.2）**




Source: Takara Standard Co., Ltd. New Shareholder Return Policy and Profit Growth Initiatives to Achieve 8% ROE (May 8, 2025) Page 7 (red box and underlining added by TSE)
https://www.takara-standard.co.jp/files/ir/en/Other_Disclosures/FY2025/EN_Disclosure_20250508-01.pdf

# SANYO SHOKAI LTD. (8011) (i)

## Overview

TIMELESS WORK. SANYO

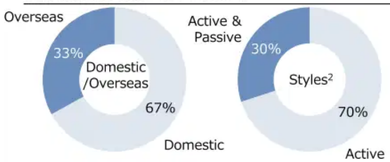
**Conducted 91 IR/SR dialogues a year, mainly with CEO as the main speaker. Feedback of the content of dialogue to the Board of Directors and promotion of a cycle that reflects such voices in company-wide policies and strategies.**

### Status of Dialogue

Total number of IR/SR dialogue[1] **91**

- Decreased slightly due to the absence of a small meeting, down 14 times YoY.

### Outline of Shareholders/ Institutional Investors




### Major Topics/Interests of Shareholders

- Details of PY results and progress in TY.
- Medium-Term Business Plan (MTBP), new growth strategies and capital strategies.
- Enhancing corporate governance.
- Strengthen investment in non-financial value and human capital
- Progress of Sustainability initiatives.

### Speakers

| | |
|---|---|
| IR/SR meeting | Representative Director, CEO & President<br>Senior Executive Managing Officer GM of Corporate Management HQ (Chair of Sustainability Committee)<br>General Manager of IR & PR Strategy |
| Financial results briefing | Representative Director, CEO & President<br>Director, EVP & GM of Operation HQ |
| AGM | All Directors and Audit & Supervisory Board Members |

### Feedbacks to Board of Directors

| | Freq. | Method | Contents |
|---|---|---|---|
| Comments from shareholder /investors | Twice a year | Report to Board of Directors/ explanatory meeting | Summary of dialogue with shareholders after Q2/Q4 announcements of financial results, as well as input for improvement |
| IR/SR reports | Timely | Report/email to Board of Directors/ explanatory meeting | IR/SR strategies, priority measures, issues and countermeasures, share price/index, etc. |

1. Includes financial results meeting and AGM 2. Excludes securities and industrial corp. 1

## Voice of Investors

The CEO took the lead in engaging in repeated dialogues with investors and, based on the input received, updated initiatives and disclosures, including the clarification of growth strategies and cash allocation. This stance of making proactive efforts, centered on dialogue with investors, to enhance corporate value helps build trust with investors.

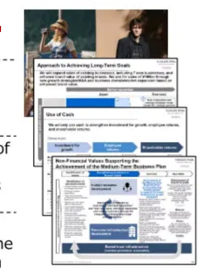
## Details of Dialogue and Results

TIMELESS WORK. SANYO

**The MTBP announced on 14 April 2025 reflected inputs such as new growth strategies, capital strategies, strengthening corporate governance, disclosing non-financial value, and strengthening investment in human capital.**

### Dialogue

| Topics | | Input | Status |
|---|---|---|---|
| MTBP | New growth strategies | Request for disclosure of specific details of new growth strategies and uses of cash. | Concrete actions have already been reflected in the MTBP announced on 14 April 2025. |
| MTBP | Capital strategies | Request for further strengthening shareholder returns. | DOE 4% of dividends and share buyback in PY as a result of consideration of inputs. |
| Enhancing corporate governance | | Reduction of strategic stockholdings. | In January 2025, we sold a portion of our strategic shareholdings and, by end-Feb 2025, its ratio to net assets declined to 14.9%. |
| Non-financial value/ human capital | | Request for disclosure of how non-financial value supports MTBP and human capital policy. | Clarified non-financial value/human capital policy in MTBP. Announced the introduction of a RS granting system through the ESOP. |
| Sustain-ability | Strengthen initiatives | Implications for further strengthening sustainability initiatives, one of our strengths. | Submitted a commitment letter in July 2024, and acquired SBT certification for our FY2030 GHG emission reduction targets in March 2025. |
| Sustain-ability | Create "opportu-nity" | Not merely managing risks, but taking opportunities to implement initiatives that will lead to sustainable growth. | Launched a reuse business in March 2024. Clothing collection at 750 POS and sale at 3 POS as of today. |



SCIENCE BASED TARGETS

 3

- **The CEO took the lead in actively engaging in dialogues with investors. Based on the input received through these discussions, the company refined initiatives and disclosures, including formulating new growth strategies and clarifying cash allocation.** (→Points III. 1, III. 3, and III. 4)

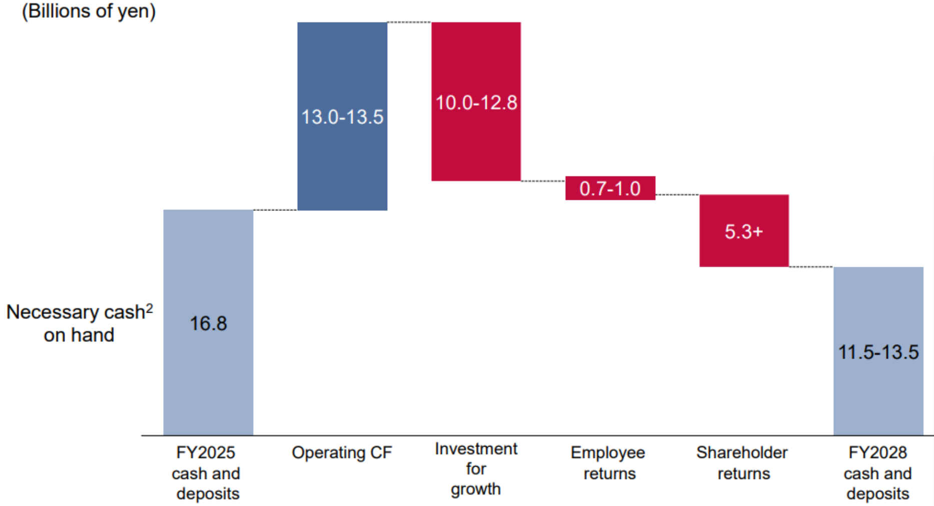
Source: SANYO SHOKAI LTD., Status of Dialogue with Shareholders (From 1 June 2024 to 31 May 2025) (July 25, 2025), Pages 1, 3
https://www.sanyo-shokai.co.jp/en/assets/pdf/shareholder_dialogue_20250725.pdf

# SANYO SHOKAI LTD. (8011) (ii)

## Net Cash Allocation

TIMELESS WORK. SANYO

**Based on the Medium-Term Business Plan and PBR Improvement Plan, we will make investments for growth and enhance employee/shareholder returns to improve capital efficiency and optimize net cash[1] levels.**




1. Net cash, excluding long-term and short-term borrowings, etc. 2. Appropriately set considering the business/investment environment and need for liquidity on hand.

- **The company disclosed in detail its policy on net cash allocation and how the cash will be used, based on input received through dialogues with investors.** (→Points II. 2 and III. 4)

## Use of Cash

TIMELESS WORK. SANYO

**We actively use cash to strengthen investment for growth, employee returns, and shareholder returns.**

(Billions of yen)

### Investment for growth

**Brand growth investment** — **2.3-4.0**
- Strengthen investment in stores, systems, and marketing to improve brand value

**New growth strategies** — **0.5-3.0**
- Expand business domains of existing brands, develop new in-house brands, expand overseas, etc.

**M&A** — **7.0-10**
- Acquire new trademark rights, etc.
- Proactively take on M&A projects that help enhance corporate value

### Employee returns — **0.7-1.0**

**Compensation improvement**
- Raise base pay, bonuses, and incentives in line with improved financial performance.

**Enhanced investment in human capital**
- Human resource development and personnel infrastructure development
- Disposal of 72,000 treasury shares[1] and granting of RS[2] to employees via employee stock ownership plan as an incentive plan to achieve the Medium-Term Business Plan and increased investments in human capital

### Shareholder returns — **5.3+**

**Capital efficiency improvement**
- Dividend policy for Medium-Term Business Plan: DOE 4%

**Further enhancement of shareholder returns based on business performance**
- i.e., Share buybacks, etc.

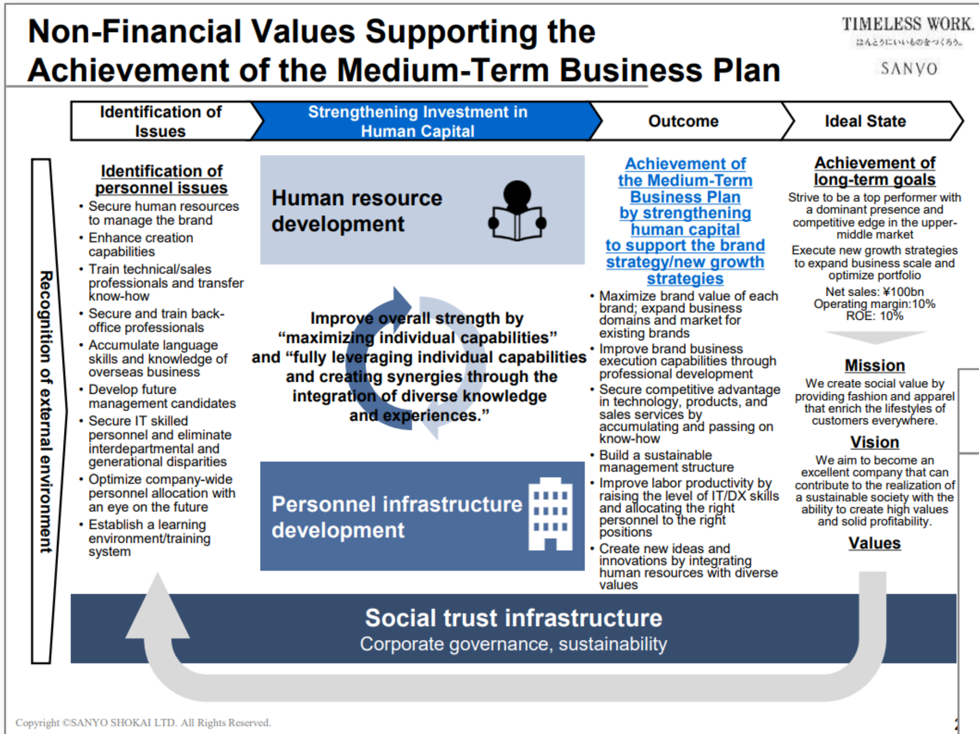
1. Tentative figures at this time. Official number of shares to be determined. 2. Restricted stock

25

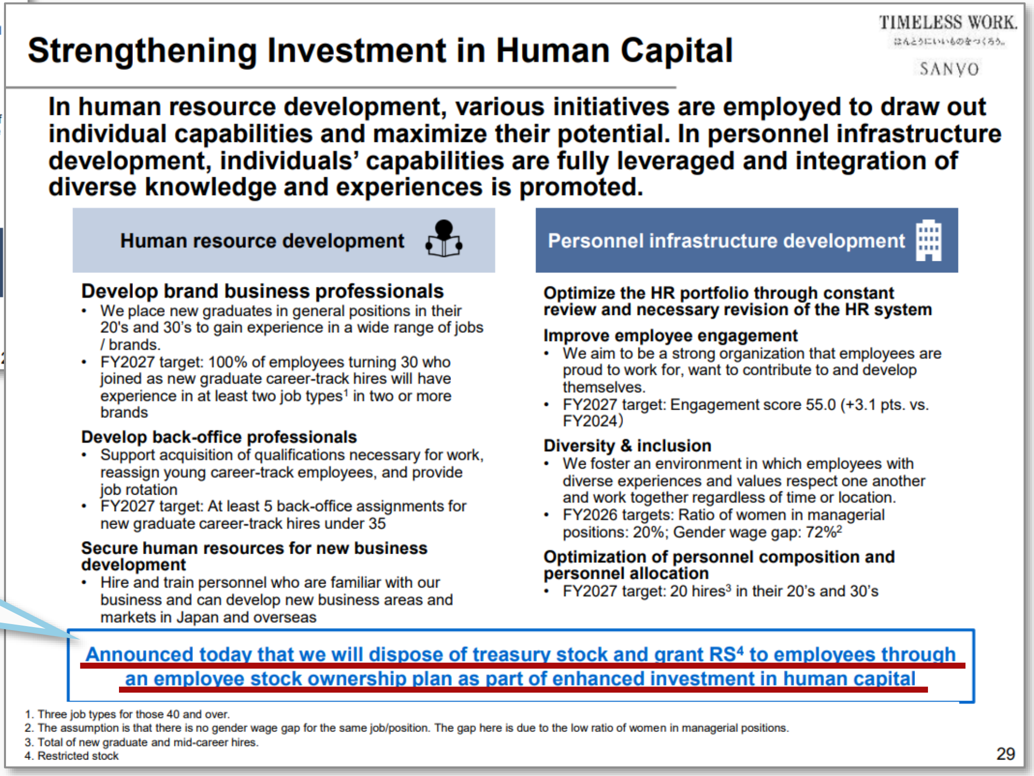
Source: SANYO SHOKAI LTD., Medium-Term Business Plan to Fiscal 2028 (April 14, 2025), Pages 24, 25
https://ssl4.eir-parts.net/doc/8011/tdnet/2593159/00.pdf

# SANYO SHOKAI LTD. (8011) (iii)






- **Based on the input obtained through dialogue with investors, the company provided a detailed explanation of how non-financial value (human capital) contributes to achieving its long-term targets. It also described concrete initiatives to strengthen investment in human capital.** **(→Points II. 2, II. 5, and III. 4)**




- **As part of efforts to strengthen investment in human capital, the company granted RS (restricted stock) to employees through the employee stock ownership plan.** **(→Point II. 4)**

Source: SANYO SHOKAI LTD., Medium-Term Business Plan to Fiscal 2028 (April 14, 2025), Pages 28, 29 (Red underline added by TSE)
https://ssl4.eir-parts.net/doc/8011/tdnet/2593159/00.pdf

# RYODEN（8084）(i)

Review of ICHIGAN 2024

02

ICHIGAN2024 | ICHIGAN 2024 Targets and Results

| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | Target | Achievement Rate |
|---|---|---|---|---|---|---|---|---|
| Net sales (millions of yen) | 230,087 | 196,841 | 229,126 | 260,303 | 259,008 | 215,790 | 260,000 | 83% |
| Operating profit (millions of yen) | 5,559 | 3,415 | 7,062 | 9,380 | 8,326 | 5,483 | 10,000 | 55% |
| Operating profit margin (%) | 2.4 | 1.7 | 3.1 | 3.6 | 3.2 | 2.5 | 3.8 | 67% |
| Net sales in new businesses (millions of yen) | 9,290 | 7,605 | 6,999 | 5,709 | 11,138 | 17,876 | 22,000 | 81% |
| [X-Tech] | (9,290) | (7,605) | (6,999) | (5,709) | (6,106) | (8,687) | | |
| [Mainstay core businesses*] | (—) | (—) | (—) | (—) | (5,032) | (9,188) | | |
| Gross profit margin in new businesses (%) | 17.7 | 18.4 | 16.1 | 14.7 | 14.0 | 14.0 | 18.0 | 78% |
| ROE (%) | 5.8 | 3.4 | 6.9 | 7.0 | 6.9 | 5.3 | 8.0 | 66% |

*This line is for new businesses for which activities were started in April 2020 or later in the mainstay core businesses.

KEY POINTS

- We fell short of the key management targets due to factors such as the termination of contracts with a major supplier in the Electronics business
- We aimed to establish business models for growth businesses and create new, next-generation businesses, but struggled to achieve scale
- We succeeded in enhancing productivity in our mainstay core businesses, improving profitability
- We made some progress in strengthening the foundation for business promotion, but were not able to establish specific frameworks and systems as quickly as planned

## Voice of investors

In light of the failure to achieve key targets in the previous mid-term plan, the Board of Directors took the lead in clarifying challenges such as business portfolio strategy. The new mid-term plan concretely outlines business portfolio transformation centered on aggressive investment in growth businesses, meticulously detailing the future vision and segment-specific strategies. The high transparency of the management decision-making process strongly conveys strategic consistency and execution capability.

- The Board of Directors conducted discussions to formulate the new mid-term plan based on a review of the previous mid-term plan period, while also implementing a questionnaire for directors. It identified challenges such as accelerating the business portfolio strategy and disclosed its recognition of these challenges. (→Point II.2 & Point III.4)

Management Control by the Board of Directors

## Recognition of Issues by the Board of Directors

### Discussions at Board Meetings

In FY2024, RYODEN's Board of Directors reviewed the previous medium-term management plan and held multiple discussions on medium- to long-term management strategies, including the business portfolio, to formulate the new medium- to long-term management plan.

In addition to the matters conventionally resolved and reported at Board meetings, we have set an annual agenda of items for deliberation—important themes to be discussed—and have begun creating a mechanism to facilitate fruitful discussions with the executive management team.

We also conducted an anonymous questionnaire survey of the members of the Board of Directors to identify the skills that Board members should have in order to achieve the medium- to long-term management plan. The survey identified the issues and achievements of the previous medium-term management plan, as well as the steps needed for the supervisory and executive teams to achieve the plan.

The Board's recognition of issues is shown on the right. In order to achieve the medium- to long-term management plan, the Board will continue to work on advancing corporate governance practices to support proactive and decisive decision-making by the executive team.

**Outline of the Survey**

**Implementation:** December 2024
**Respondents:** All Directors
**Method:** Questions sent by email (anonymous responses)
**Questions:** The following five themes

1. Factors behind the failure to achieve KPI targets in the current medium-term management plan
2. Achievements and positive points of the current medium-term management plan
3. Matters and issues to resolve in order to achieve the vision and targets set out in the next medium-term management plan
4. Skills (knowledge, experience, ability) necessary to achieve the next medium-term management plan
5. Other matters (improvements after the transition to a company with an Audit and Supervisory Committee, etc.)

## Review of the Previous Medium-term Management Plan

**1 Issues**

- Amid dramatic changes in the business environment (including the COVID-19 pandemic and the semiconductor bubble), the supervisory team could have more strongly urged revisions to the plan to ensure effectiveness
- The executive team was unable to provide the Board of Directors with specific details of the initiatives and issues under the medium-term management plan, possibly leading to a lack of the information needed for accurate judgment

**2 Achievements**

- Made employees aware of the necessity and importance of innovation and change
- Many new success stories were created by moving away from simply selling products and toward selling solutions. Moving forward, we will need to have a mechanism for the horizontal development of such success stories, or to use them as scalable models

## Factors needed to achieve the medium- to long-term management plan

**1 Supervisory team**

- Monitoring right from the start
- Promote business portfolio strategies, accelerate discussions on selection and concentration, and encourage the executive team to make focused business investments in key areas
- Management aligned with the perspective of investors and shareholders

**2 Executive team**

- Restructure the business portfolio (accelerate profitable businesses, review unprofitable businesses)
- Flexibly review plans and measures
- Human capital development, development of management executives, etc.

Challenges to Realize Our Vision | Management Control by the Board of Directors

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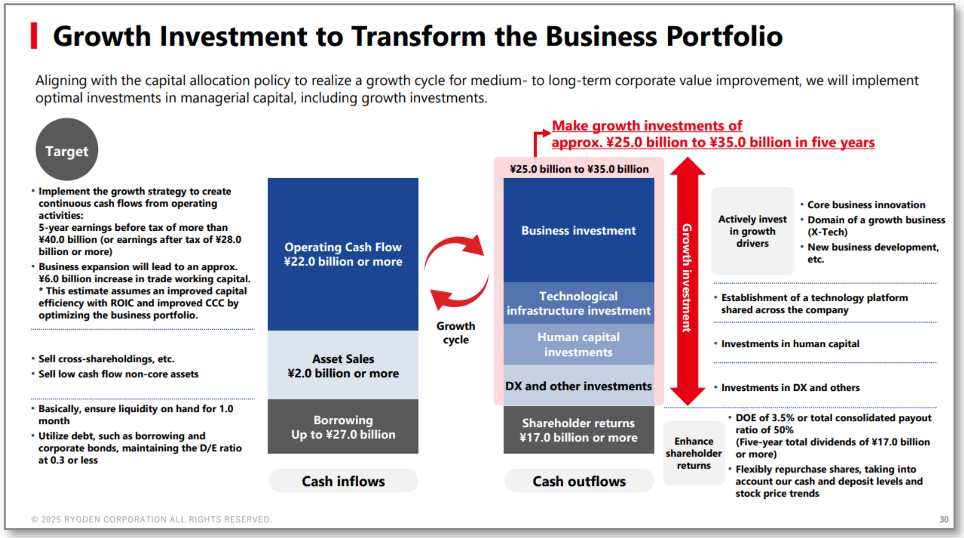
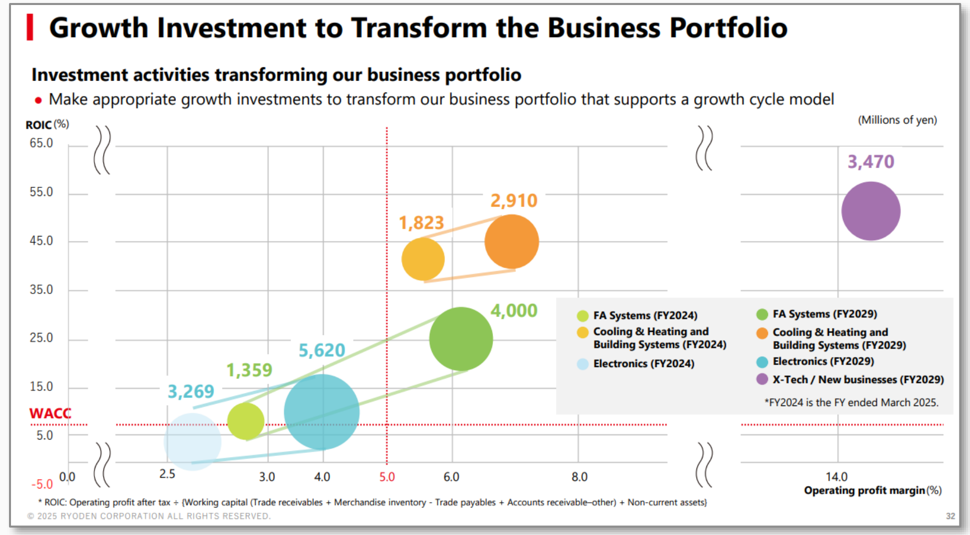
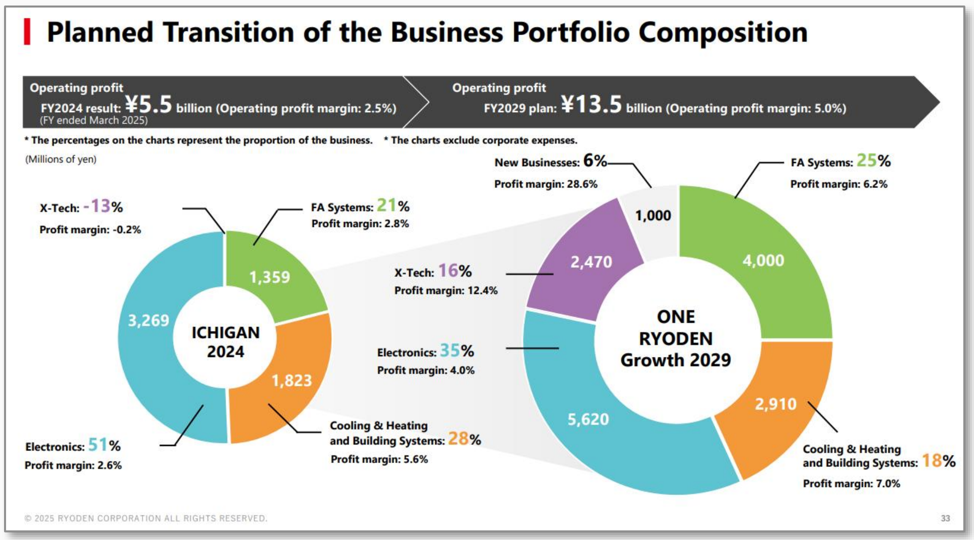
Source: Ryoden Corporation, Ryoden Report 2025, page18-19 (Red frame added be TSE)
https://ssl4.eir-parts.net/doc/8084/ir_material_for_fiscal_ym7/187911/00.pdf

# RYODEN (8084) (ii)




- **The new mid-term management plan explicitly states the policy of transforming the business portfolio through proactive investment in growth businesses. It also discloses specific details regarding the medium-to long-term vision for each business and the future structure of the business portfolio.** **(→Point II.2)**

Source: RYODEN Corporation, Fiscal Year Ending March 2025 Financial Results and New Mid-Term Management Plan Briefing (May 19, 2025), Pages 25, 27, 28
https://ssl4.eir-parts.net/doc/8084/ir_material_for_fiscal_ym6/180492/00.pdf

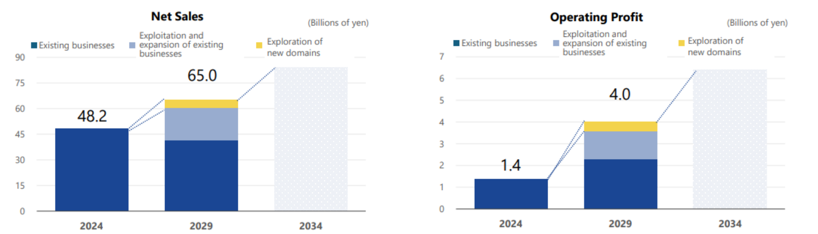
# RYODEN（8084）(iii)

- Breaks down the business portfolio strategy and disclose specific goals and strategies for each segment. (→Point II.2 & Point II.5 )

## Segment-specific Strategy—FA Systems

| | |
|---|---|
| **Existing business** | • Maintain the business scale in Japan and other regions based on the solid position as a Mitsubishi FA agent, and enhance earning capacity by redesigning and optimizing our operational framework and by streamlining the supply chain |
| **Innovation strategy**<br>Exploit and expand existing businesses<br>Explore new domains | • Reinforce partner products and improve system engineering capabilities to accelerate the deployment of high-value-added businesses<br>• Make strategic investments for expanding business domains and user bases domestically and overseas.<br>• Develop advanced technology and innovate on business models through effective use of data analysis to provide new value |

**Target**

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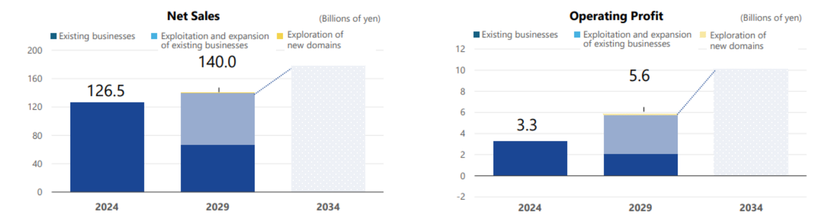
## Segment-specific Strategy—Electronics

| | |
|---|---|
| **Existing business** | • Utilize the digital information infrastructure and establish a supply chain that supports an agile operating structure to enhance earning capacity<br>• Expand the business foundation around in-vehicle mobility products |
| **Innovation strategy**<br>Exploit and expand existing businesses<br>Explore new domains | • Develop new products capturing customer needs for exploring new markets (such as amusement and energy-harvesting IoT markets)<br>• Research markets globally to launch overseas businesses and expand our business domains<br>• Discover and offer new high-value-added products, such as for power management and energy saving, to contribute to solving customer and social issues<br>• Make the transition to a solution-oriented business model and develop diverse business models such as intellectual property licensing |

**Target**

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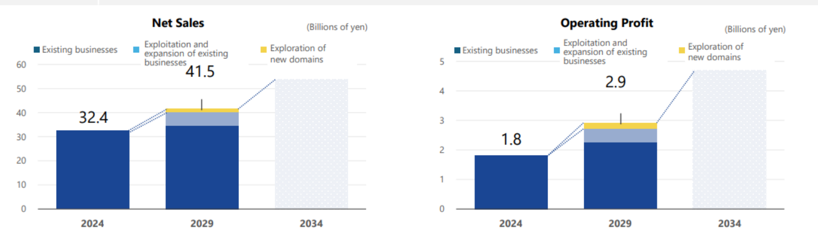
## Segment-specific Strategy—Cooling & Heating and Building Systems

| | |
|---|---|
| **Existing business** | Cooling & Heating: Strengthen sales capabilities with the shift to smart systems, increase the sales of area air conditioners in Japan and overseas, and expand the industrial cooling & heating business.<br>Building Systems: Based on the Mitsubishi Electric elevator business, increase the sales of elevators, conveyors, H-ELV, and others to retain and expand the mainstay core business. |
| **Innovation strategy**<br>Exploit and expand existing businesses<br>Explore new domains | Cooling & Heating: Take a multi-faceted approach to acquire end-user customers, diversify our product portfolio to help solve issues in the construction market, and promote the sales of recycled refrigerants.<br>Building Systems: Develop business in the net-zero market beyond the building sector, enabling us to contribute to the realization of a decarbonized society through our energy business. |

**Target**

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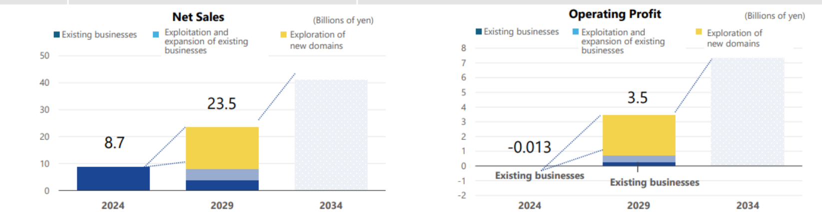
## Segment-specific Strategy—X-Tech

| X-Tech / New businesses | Business area | Innovation strategy (Exploit and expand existing businesses and explore new business) |
|---|---|---|
| Smart agriculture | Plant factory-related businesses (including planning, design, sales), factory-grown vegetable production and sales, and businesses related to photosynthetic organism | • Monetize the business of plant factory-grown vegetables, and build high-yield business models<br>• Secure market initiative with photosynthesis engineering |
| Remces | Integrated monitoring and control systems that comprehensively manages factories, buildings, and other facilities to optimize environmental and energy efficiency | • Accelerate the creation of solutions based on Remces<br>• Enhance collaboration with alliance partners to expand business around EMS-related markets and manufacturing/building markets |
| ICT | ICT-based businesses such as image recognition, sensing, and security | • Transform our business models to solution oriented ICT business and accelerate the scaling efforts<br>• Improve profitability by establishing a proposal-driven business model through the effective use of image data |
| Healthcare | DX support services for medical institutions | • Address hospital management challenges through proposals of recurring business models and system solutions, combined with vendor-agnostic procurement capabilities and implementation support<br>• Enhance our reputation and standing in the industry as a leader in digital transformation |
| New business | Promotion of business development through open innovation for creating new business models | • Enhance our service models to expand the data-driven recurring model<br>• Build a problem-solving matchmaking model through business model development<br>• Accelerate the development of new businesses in the decarbonization field |

**Target**

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Source: RYODEN Corporation, Fiscal Year Ending March 2025 Financial Results and New Mid-Term Management Plan Briefing (May 19, 2025), Pages 30-33
https://ssl4.eir-parts.net/doc/8084/ir_material_for_fiscal_ym6/180492/00.pdf

# Aoyama Trading (8219) (i)



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

A part of materials of "FY3/2025 to FY3/2027 Mid-Term Management Plan" released on May 14, 2024

Based on the above, we aim to increase our corporate value through increase in net income and improving asset efficiencies by implementing five "Basic Strategies".

Need to re-analyze the current situation and sort out perceptions

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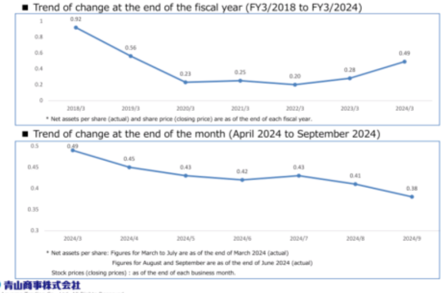
**Re-analysis of the Current Situation (Changes in PBR)**

**PBR was on a recovery trend after the pandemic, but it has been on a declining trend since the beginning of this fiscal year.**

■ Trend of change at the end of the fiscal year (FY3/2018 to FY3/2024)

■ Trend of change at the end of the month (April 2024 to September 2024)

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## Voice of Investors

Even after announcing the mid-term plan, the company felt a sense of crisis over its PBR remaining below 1x. They reanalyzed their current situation and discussed countermeasures at the board of directors meeting. Initiatives were refined, including formulating additional growth strategies and revising the capital allocation policy. The disclosure of board discussions conveys the management team's strong commitment to genuinely enhancing corporate value.

**Summary**

**Recognized P/B of 0.4x as a critical level in the board of directors**

**P / B of 1 x cannot be achieved through only shareholder returns, growth of our business performance is essential. We have determination to advance Business Wear Business's transformation and challenges at an unprecedented speed.**

**Following decisions were made for Mid-Term Management Plan**

■ **Growth Strategy**

- Aim to grow through Business Wear Business's transformation. Challenge five basic strategies in the Mid-Term Management Plan.
- The progress of the following strategies of Business Wear Business is slow.
  Maintain and improve profitability of existing stores
  Expanding market share through new store openings

■ **Shareholder Return**

- We discussed that a DPS range of 110 yen to 130 yen is necessary to maintain a dividend yield of 3% to 3.5% at a P/B of 1x.
  (The current share price corresponds to a dividend yield of about 8%)
- Need to improve asset and capita

- Formulate new growth strategies
- Proceed fundamental organizational reform

- Adopt the higher of the payout ratio 70% or DO
- Flexible share repurcha (Maximum of 10 billion

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**Details on the Board of Directors**

| Agenda | Discussion at the Board of Directors |
|---|---|
| Circumstances of P / B around 0.4x | Having strong sense of crisis. We recognize that it would be extremely difficult to achieve a P/B ration of 1x with conventional extension measures. |
| How to get valuation of 1x P/B continuously | We can't achieve this by only shareholder returns. We have to make growth in our performance by growth strategies. We determinate to advance Business Wear Business's transformation and challenges at an unprecedented speed. |
| Business Wear Business's transformation and challenges | In addition to implementing the five basic strategies of the Mid-Term Management Plan, a new growth strategy needs to be formulated. We also proceed fundamental organizational reform. |
| Target level of shareholder returns | Taking into account the domestic interest rate level and the industry's expected growth rate<br>Target: P / B of 1x, dividend yield of 3% to 3.5%<br>Adjustment: A minimum DPS range of 110 to 130 yen is required<br>(Dividend yield of 8% or more at the current share price) |
| Changes in shareholder return policy | In order to improve capital efficiency, achieve stable dividend increases over the medium to long term, and pursue profit growth, we will adopt the higher of the dividend payout ratio of 70% or DOE of 3.0%. Also we made a policy to repurchase treasury share up to 10 billion yen during the period of the Mid-Term Management Plan. |
| Improvement of asset and capital efficiency Review of owned assets and effective use of on-hand liquidity | Set appropriate balance sheet targets to improve asset and capital efficiency. Reviewing assets and labilities of Credit Card Business. |
| Capital allocation review | Determine whether it is possible to increase shareholder returns. After then, securing cash to maintain growth investment funds. |
| Communication with investors | Currently, there are no requests from investors for interviews with outside directors, but if there are requests in the future, we will conduct them as much as possible. |

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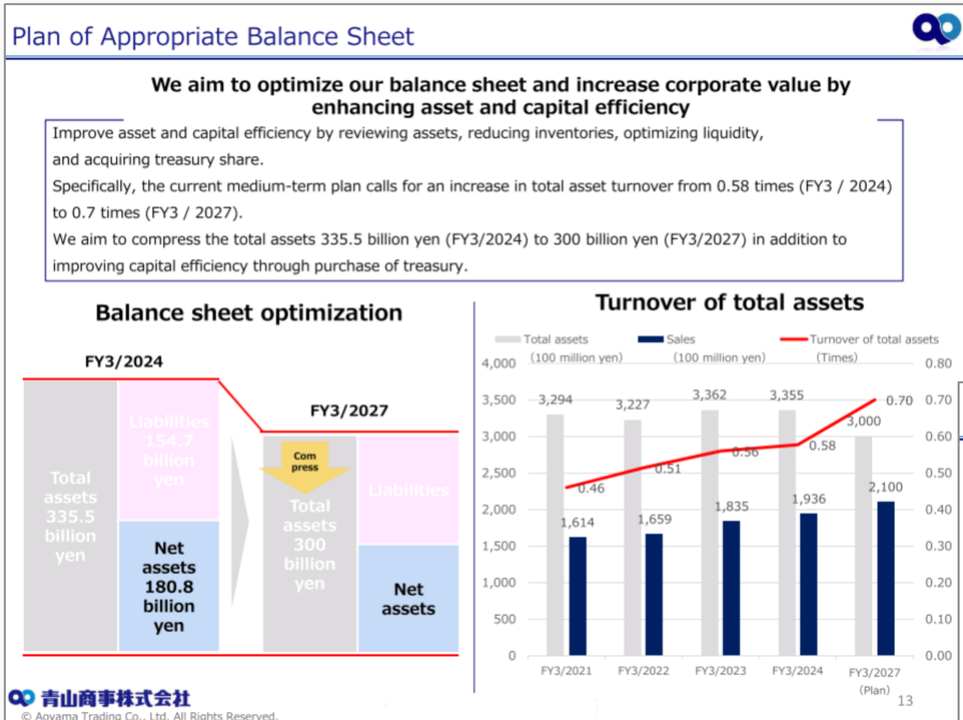
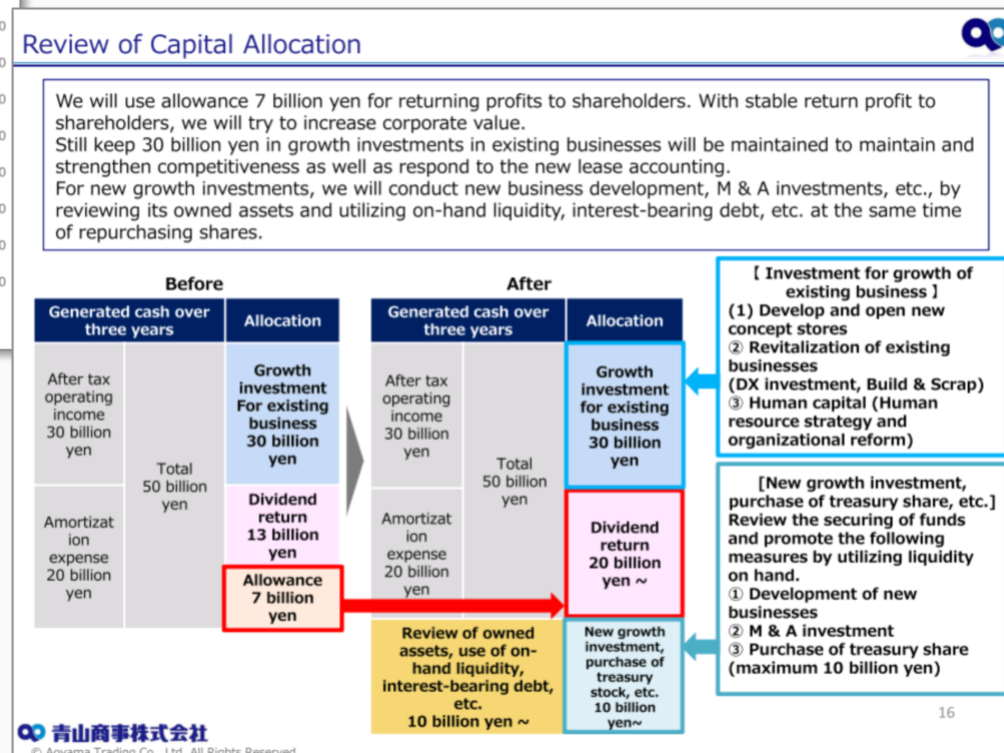
- **Following the announcement of their medium-term plan, the company reanalyzed their current situation, identified challenges, and formulated additional growth strategies. Concurrently, they disclosed details of the board of directors' discussions regarding measures to enhance corporate value.** **(→Point I.2 & Point III.4)**

Source: Aoyama Trading Co., Ltd. FY3/2025 Second Quarter (Interim Period) Financial Results Briefing Pages 5, 7, 8, 12
https://contents.xj-storage.jp/xcontents/AS00098/4d0916eb/ec97/4476/9d00/4c546fdf5211/140120241118525915.pdf




- The company indicates its ideal balance sheet and has begun work to achieve it through measures such as reviewing held assets, compressing inventory, and optimizing liquidity on hand.
  (→Point I.3)




- The company outlines their target balance sheet structure while presenting a new capital allocation policy focused on expanding growth investments such as new business development and M&A.
  (→Point II.2)

Source: Aoyama Trading Co., Ltd. FY3/2025 Second Quarter (Interim Period) Financial Results Briefing Pages 13, 16
https://contents.xj-storage.jp/xcontents/AS00098/4d0916eb/ec97/4476/9d00/4c546fdf5211/140120241118525915.pdf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