Document 4

Case Studies (Prime Market)

Tokyo Stock Exchange, Inc.

February 1, 2024 First edition
November 21, 2024 2nd edition

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 1: Since the first edition was published in February 2024, new points and examples have been added based on recent feedback from investors, among others.

Note 2: 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.

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Index - Ⅰ. TOPIX Core30 & TOPIX Large70

#	Page Number	Code	Name	Sector	Publication 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 Designing a management compensation system that provides an incentive to increase corporate value over 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	3407	ASAHI KASEI CORPORATION	Chemicals	New					●			●				
2	Page 10	4452	Kao Corporation	Chemicals	New					●							
3	Page 13	6702	Fujitsu Limited	Electric Appliances	New							●					
4	Page 14	8058	Mitsubishi Corporation	Wholesale Trade	Continued									●		●	
5	Page 16	8306	Mitsubishi UFJ Financial Group,Inc.	Banks	Continued		●						●				
6	Page 18	9202	ANA HOLDINGS INC.	Air Transportation	New			●	●		●	●					
			(Reference) Number of companies introduced per point			0	1	1	1	2	1	2	2	1	0	1	0

*When companies with a status of “Continued” updates their disclosure materials, the relevant updates are reflected. (The same applies hereinafter.)

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#	Page Number	Code	Name	Sector	Publication 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 Designing a management compensation system that provides an incentive to increase corporate value over 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
7	Page 22	1605	INPEX CORPORATION	Mining	Continued		●						●				
8	Page 26	1802	OBAYASHI CORPORATION	Construction	New				●	●							●
9	Page 29	1911	Sumitomo Forestry Co.,Ltd.	Construction	Continued	●	●			●		●					
10	Page 32	2768	Sojitz Corporation	Wholesale Trade	New									●			
11	Page 33	4183	Mitsui Chemicals,Inc.	Chemicals	Continued					●			●	●			
12	Page 36	4704	Trend Micro Incorporated	Information & Communication	Continued	●											
13	Page 37	4902	KONICA MINOLTA,INC.	Electric Appliances	New									●		●	
14	Page 39	5019	Idemitsu Kosan Co.,Ltd.	Oil and Coal Products	Continued	●				●	●						●
15	Page 44	5334	Niterra Co.,Ltd.	Glass and Ceramics Products	New					●			●				
16	Page 46	5406	Kobe Steel,Ltd.	Iron and Steel	Continued											●	
17	Page 48	5901	Toyo Seikan Group Holdings,Ltd.	Metal Products	Continued		●										●
18	Page 52	6361	EBARA CORPORATION	Machinery	Continued		●				●		●				
19	Page 55	7186	Concordia Financial Group,Ltd.	Banks	Continued	●	●				●		●			●	
20	Page 59	7259	AISIN CORPORATION	Transportation Equipment	Continued					●	●						
21	Page 62	7747	ASAHI INTECC CO.,LTD.	Precision Instruments	New	●								●			
22	Page 64	7752	RICOH COMPANY,LTD.	Electric Appliances	New					●							●
23	Page 66	7936	ASICS Corporation	Other Products	New			●			●						
24	Page 67	8174	NIPPON GAS CO.,LTD.	Retail Trade	Continued			●		●			●				
25	Page 70	8252	MARUI GROUP CO.,LTD.	Retail Trade	Continued		●	●	●	●							
26	Page 72	9024	SEIBU HOLDINGS INC.	Land Transportation	New		●			●			●				
27	Page 75	9076	SEINO HOLDINGS CO.,LTD.	Land Transportation	Continued							●	●				
			(Reference) Number of companies introduced per point			5	7	3	2	10	5	2	8	4	0	3	4

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#	Page Number	Code	Name	Sector	Publication 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 Designing a management compensation system that provides an incentive to increase corporate value over 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
28	Page 77	1885	TOA CORPORATION	Construction	Continued									●		●	
29	Page 79	3608	TSI HOLDINGS CO.,LTD.	Textiles and Apparels	New	●				●							
30	Page 81	3962	CHANGE Holdings,Inc.	Information & Communication	New	●											
31	Page 83	4099	SHIKOKU KASEI HOLDINGS CORPORATION	Chemicals	Continued			●		●							●
32	Page 85	4384	RAKSUL INC.	Information & Communication	Continued							●					
33	Page 87	4886	ASKA Pharmaceutical Holdings Co.,Ltd.	Pharmaceutical	Continued				●	●							
34	Page 90	5461	Chubu Steel Plate Co.,Ltd.	Iron and Steel	New		●		●		●					●	●
35	Page 92	5805	SWCC Corporation	Nonferrous Metals	Continued				●	●							●
36	Page 96	7537	MARUBUN CORPORATION	Wholesale Trade	Continued						●						
37	Page 98	8011	SANYO SHOKAI LTD.	Textiles and Apparels	Continued									●		●	
38	Page 100	8051	YAMAZEN CORPORATION	Wholesale Trade	Continued								●			●	
39	Page 102	8098	Inabata & Co.,Ltd.	Wholesale Trade	Continued		●				●					●	
40	Page 105	8337	The Chiba Kogyo Bank,Ltd.	Banks	Continued		●			●			●				
41	Page 108	8360	The Yamanashi Chuo Bank,Ltd.	Banks	Continued			●					●			●	
42	Page 112	8381	The San-in Godo Bank,Ltd.	Banks	New								●				
			(Reference) Number of companies introduced per point			2	3	2	3	5	3	1	4	2	0	6	3

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Ⅰ. TOPIX Core30、TOPIX Large70

Ⅱ. TOPIX Mid400

Ⅲ. TOPIX Small

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ASAHI KASEI CORPORATION (3407) (i)

New!

TOPIX Large70

Chemicals

Voice of Investors

By answering frequently asked questions from investors, the management team tells stories to introduce their initiatives to improve corporate value, which makes it easy to understand the intentions behind each initiative and conveying the strong commitment of the management team. In the comments of outside and inside directors in the evaluation of the effectiveness of the board of directors, the importance of transforming business portfolios, including sales and withdrawals are discussed, which indicates that effective governance is being secured.

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

問2

低水準が続くPBRを どのように回復させるのか?

答：マテリアル領域の石油化学チェーン関連事業を中心とする構造転換と、成長牽引事業への積極的な投資による事業ポートフォリオ変革の加速、そして、この2年間で大きく低下してしまった収益力の向上を進めていきます。

事業ポートフォリオ変革加速を通じて 収益性と資本効率を向上させ、PBR水準向上を目指す

なぜ当社のPBRは低水準なのか。
その背景にはROEが想定株主資本コストを下回り、株主・投資家の皆さまの期待に応える結果を示せていないという現状があります。PBR水準向上に向けた取り組みを実行し、収益性と資本効率の向上を結果で示していきます。

旭化成におけるCFOの役割

当社はマテリアル、住宅、ヘルスケアの3領域にわたり事業を展開しているので、個別の事業戦略やグループ全体戦略等のさまざまな経営課題に直面します。この中でも重要な経営課題についてそのすべてを社長と共有し、ともにその解決に取り組んでいくことで当社の企業価値向上を目指す。それが当社におけるCFOの役割であると考えています。

なぜPBRは低水準となっているのか

2021年度以降、PBRが1.0倍を下回り、足元では0.8倍前後の低水準となっています。その大きな要因は、ROEが想定株主資本コストの8%を下回る状況が続いていることだと考えています。これには、事業環境の大幅な悪化に伴いマテリアル領域における収益力が低下してしまったことや、2022年度、2023年度と2期連続で大幅な減損損失を計上したことにより、当期純利益が低下してしまったことが背景にあります。

マテリアル領域における収益力の低下は、急激な事業環境の変化に柔軟かつスピーディに対応できなかったことが原因だと考えています。中国経済の減速、低成長化は周辺アジア諸国にも波及し、石油化学関連製品の需給バランスが崩れ、その結果、基盤マテリアル事業を中心に収益が大幅に悪化しました。またEVを取り巻く環境も、車載電池サプライチェーンにおける中国系企業のプレゼンス拡大により当社の主要顧客の販売が伸び悩み、セパレータ事業の低迷につながりました。さらにはCOVID-19後の需要変化もあり、電子機器、半導体、自動車市場における需要が想定を下回ったことに加え、汎用用途の製品の競争が激化し、損益が悪化しました。この結果、とりわけ環境ソリューション事業、モビリティ&インダストリアル事業のROICが当社推定のWACCの6%を下回る状況となっています。中期経営計画2024 ～Be a Trailblazer～（現中計）の残り1年ではこれらの事業環境の変化に対応するべく戦略を見直し、短期視点での営業活動強化やコスト削減等による利益改善、中長期視点での事業ポートフォリオ変革の加速に取り組んでいきます。

Message from the CFO

- CFO tells a story about their approach to improve PBR from **analysis of current situation to specific initiatives** **(→Point II. 5)**

Source: ASAHI KASEI CORPORATION, Asahi Kasei Report2024 (October 8, 2024), page24-25
https://www.asahi-kasei.com/jp/ir/library/asahikasei_report/pdf/24jp.pdf

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ASAHI KASEI CORPORATION (3407) (ii)

New!

TOPIX Large70

Chemicals

JPX

PBR水準向上に向けた取り組み

PBR水準向上

- ROE向上（2023年度：2.5% ⇒2030年度近傍：15%以上）
- PER向上（株主資本コスト低減、期待成長率向上）

主な具体的取り組み	
① 事業ポートフォリオ変革加速	• 「成長性」と「収益性・資本効率」の低い事業における構造転換 • 成長牽引事業であるGG10に対する戦略に沿った投資実行
② 収益力向上	• 収益力向上に向けた施策の推進やコスト規律の徹底による短期における利益創出 • 経営制度や経営基盤の抜本的な見直しによる中長期における効率的な経営の追求 • ROIC経営のさらなる浸透
③ 投資マネジメント強化	• 投資案件におけるハードルレート運用の強化 • 実質的な投資効率の改善につながるモニタリング運用 • リスク検討における過去の投資案件から得られた教訓の活用
④ 資本市場との対話の促進	• 株主・投資家の皆さまの関心の高い分野、正しく理解・評価されていない分野における開示の拡充 • 株主・投資家の皆さまとの積極的な対話の実施 • 経営に株主・投資家視点を取り入れる仕組みの強化
⑤ 資本構成の最適化	• 1株当たり配当金の維持・向上（累進配当を重視）および適切なタイミングにおける自己株式取得の検討 • 政策保有株式の継続的な縮減

- **Detailed description of Capital Allocation Policy (→Point II. 2)**

キャピタルアロケーションの方針

キャピタルアロケーションの方針について、営業キャッシュ・フローは現中計の3年間で6,000億～7,000億円、投資キャッシュ・フローは計画している成長投資の実行を前提として8,000億～9,000億円となる見込みで、これは2023年度に示した水準から変わっていません。一方、現中計を発表した2022年度当初の計画と比較すると収益が下回っていることを踏まえ、事業売却や投資案件での他社資本活用等を通じたキャッシュの手当ても積極的に検討しています。キャッシュインの時期は不確定な部分がありますが、2024年度中にいくつかの事業売却を決定した場合には2025年度以降にある程度のキャッシュインが見込め、そのキャッシュの使途として、先述したとおり、成長投資だけでなく、自己株式取得を含めた株主還元の強化も検討していきます。

株主・投資家の皆さまとの対話において、当社のキャピタルアロケーションは投資へ偏りすぎてはいないかというご意見をいただくことがあります。当社は現在、事業ポートフォリオ変革を最優先に取り組んでおり、構造転換と成長投資を同時に実行していますが、これらの成果は即座に表れるものではなく、どうしても一定の時間が必要となります。したがって、事業ポートフォリオ変革の進捗を踏まえながら、株主還元水準のより一層の向上を図っていきたいと考えています。

2022～2024年度の3年間の資金の源泉と使途の枠組み

- 営業キャッシュ・フロー　3年間累計　6,000億～7,000億円
- 資金調達　有利子負債増減　+2,500億～+4,500億円（D/Eレシオ0.7程度、ネットD/Eレシオ0.5程度目安）
- ＋
- その他キャッシュ手当（事業売却や投資案件での他社資本活用など）

→

- 投資キャッシュ・フロー　設備投資・投融資　3年間累計（M&A含）　8,000億～9,000億円*1
- 株主還元　3年間累計　1,500億～1,800億円

*1 キャッシュアウトベースの数字であり意思決定ベースと異なります。

主要経営指標の推移

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

Source: ASAHI KASEI CORPORATION, Asahi Kasei Report2024 (October 8, 2024), page26, 29
https://www.asahi-kasei.com/jp/ir/library/asahikasei_report/pdf/24jp.pdf

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問5

無形資産をどのように企業価値向上につなげていくのか?

答：グループ全体でマインドセットを変え、無形資産そのものに価値があるという意識を強く持ち、無形資産が価値源泉の中心となるようなビジネスモデルを増やしていきたいと考えています。

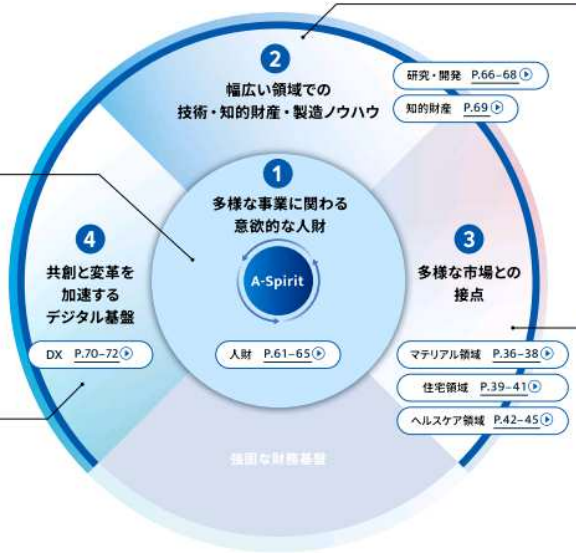
Note: The disclosure documents shown in this slide are available in Japanese only.

- **Easy-to-understand descriptions of how human resources strategies, intellectual property activities, and other intangible assets can lead to improving corporate value (→Point II. 2)**

旭化成の無形資産の全体像

当社グループの成長の源泉である無形資産は、①多様な事業に関わる意欲的な人財、②幅広い領域での技術・知的財産・製造ノウハウ、③多様な市場との接点、④共創と変革を加速するデジタル基盤の4つです。

旭化成の企業文化の核である挑戦の精神「A-Spirit」のもと、国内外で多様な事業に意欲的に取り組む人財が、当社の最大の無形資産です。領域を超えた人財ローテーションを含め、グループ内の異文化による刺激や共創が起点となり、これらの豊富な無形資産を結び付け、新たな価値を創出しています。



1 多様な事業に関わる意欲的な人財

強み	• グローバル人財（海外従業員比率40%以上*1） • 高度な専門性人財（高度専門職人数347人*1）
方針・戦略	• 終身成長×共創 →多様な個の終身成長と共創力で未来を切り拓く

2 幅広い領域での技術・知的財産・製造ノウハウ

強み	• 蓄積してきたコア技術、特許 （特許保有件数　国内:6,807件*2　海外:7,818件*2） • 高い研究開発力（研究開発費1,066億円*1）
方針・戦略	• 知的財産：知的財産部、知財インテリジェンス室の連携によって、事業利益を守り、企業価値の最大化に貢献 • 研究・開発：有形資産と無形資産の融合による新たな価値創造

3 多様な市場との接点

強み	• 新たなニーズの発掘力 • 領域を超えた知見・データ • 顧客・パートナーからの信頼・ブランド
方針・戦略	多様な業界の知見やマーケティングのナレッジを、グループ全体で活用することで、新たなビジネスモデルや顧客体験価値を創出

4 共創と変革を加速するデジタル基盤

強み	• DXによる経営革新 （DX関連投資［3年累計］約300億円） • デジタルプロフェッショナル人財1,728人*1
方針・戦略	• 全員参加×現場主導×共創 →デジタルを活用し現場主導でトランスフォーメーションを起こし続けることができる状態を目指す

Source: ASAHI KASEI CORPORATION, Asahi Kasei Report2024 (October 8, 2024), page57, 60
https://www.asahi-kasei.com/jp/ir/library/asahikasei_report/pdf/24jp.pdf

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ASAHI KASEI CORPORATION (3407) (iv)

New!

TOPIX Large70

Chemicals

企業価値向上に向けた人財戦略の全体像

先人たちが紡いできた旭化成のDNAであるA-Spiritは、当社の価値創造を推進するうえで欠かせない、変革力の原点です。
A-Spiritを呼び起こすべく、一人ひとりが挑戦・成長を自ら求めていく「終身成長」と、多様性を促す「共創力」を人財戦略の柱としています。

A-Spirit　野心的な意欲　健全な危機感　迅速果断　進取の気風

人財戦略		主な人事施策	KPIと2023年度実績*
終身成長 P. 63 従業員一人ひとりの、新しい環境への挑戦と自律的なキャリア形成を促すとともに、挑戦する人財を活かすためのマネジメント力強化に取り組んでいます。	自律的なキャリア形成と成長の実現	• 自律的な学びのプラットフォーム「CLAP」 • 公募人事制度 • シニアの活躍推進・定年延長 • キャリア開発プログラムの充実	成長行動指標（KSA）…… 3.72 人財育成投資額 …… 実績はこちら 公募人事異動数 …… 累計約500名
	個とチームの力を引き出すマネジメント力向上	• 経営幹部・次世代リーダーの育成 • 部長層の育成 • 人財KPIを役員報酬に連動 • 各職場における組織開発活動	グループ役員後継準備率…… 260% 職場対話実施率…… 73.9%
共創力 P. 64–65 ダイバーシティ、エクイティ&インクルージョン（DE&I）を経営戦略の一つに位置付け、多様性を「拡げる」「つなげる」という観点で、多様な人財の育成・活用を推進しています。	多様性を“拡げる”	• プロフェッショナル人財の育成「高度専門職制度」 • 女性の活躍推進 • デジタルプロフェッショナル人財の育成 P.71 • キャリア採用の強化 • 時間と場所にとらわれない働き方 • 海外M&Aによる人財の獲得	高度専門職人数…… 347名 ラインポスト+高度専門職における女性比率…… 4.4% 女性管理職人数…… 313名 デジタルプロフェッショナル人財数…… P.95 キャリア採用率…… 45%
	多様性を“つなげる”	• 事業部門を超えた人事異動 • 人財の可視化「CaMP」 • 人財レコメンドシステム • 海外の優秀な人財の登用	事業部門を超えた人事異動数…… 約370名 多様性・心理的安全性に関するスコア（KSA） • 多様性…… 3.97 • 心理的安全性…… 3.65

従業員の Well-beingと働きがい向上 ⇄ 旭化成の競争力向上

* 対象範囲：旭化成（株）、旭化成エレクトロニクス（株）、旭化成ホームズ（株）、旭化成建材（株）、旭化成ファーマ（株）、旭化成メディカル（株）。ただし、デジタルプロフェッショナル人財数はグローバル全従業員が対象

企業価値向上に向けた知的財産活動

知的財産部と知財インテリジェンス室が連携し、高度化する事業を持続的に支援する知財専門家集団として、事業の利益を守り、企業価値の最大化へ向けた活動に取り組んでいます。

旭化成の知的財産（知財）組織

当社の知財組織は、研究・開発本部配下の知的財産部と、経営企画担当役員配下の知財インテリジェンス室の2つから構成されています。これらの組織のミッションは以下の通りです。

知的財産部のミッション

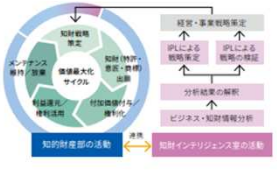
知的財産部は、これまでに取り組んできた5つの重点活動の強化を目指しています。
①知財権の活用シナリオに基づいた事業に貢献する知財網の構築
②事業遂行を保護する知財クリアランス
③事業のグローバル化を支える知財活動の実践
④デジタルトランスフォーメーションによる事業高度化への貢献
⑤計画的な中長期的人財育成プランの実行

知財インテリジェンス室のミッション

知財インテリジェンス室は、知財・無形資産に関する活動（知財活動）のうち経営／事業戦略策定へ貢献することを活動の軸とし、「無形資産を通じたさらなる企業価値の向上を実現する」というスローガンのもとで活動しています。IPランドスケープ（IPL）を武器として、①無形資産活用戦略を提案することによる経営／事業戦略策定への知財面からの貢献と、②知財情報開示を通じてステークホルダーとの関係強化に注力しています。

知財価値の最大化へ向けた活動

知財インテリジェンス室では、経営／事業戦略の策定に貢献すべく、IPLを活用し技術を加味した経営／事業環境分析を行い、経営層へ新たな視点を提供することで、意思決定の高度化に貢献しています。また、知財・無形資産の活用戦略を併せて提供することで、それらの活用を前提とした事業戦略の策定支援を目指しています。
知的財産部では、それを受けて、事業戦略の実現に貢献するために必要な知財戦略を策定するとともに、事業部とともにこの知財戦略を着実に実行する「価値最大化サイクル」を循環させることで、知財・無形資産の価値最大化に貢献しています。

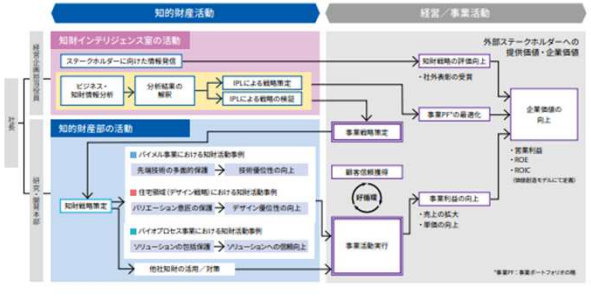


知財活動から企業価値向上へのストーリー

当社では、ミッションに基づく知財活動が、さまざまな事業活動を通してどのように企業価値へつながり、その向上へ貢献しているのかを明らかにすべく、そのプロセスを企業価値向上ストーリーとして策定しています。同ストーリーの検討を通じて、当社の知財活動は、経営判断や事業活動を経て企業価値の向上へ貢献するという構造を有していることが明らかになっています。一方で、同ストーリーにおける知財活動の内容とその効果は、事業によって異なります。知的財産報告書2024年では、当社の3事業領域における企業価値向上ストーリーを報告しています。

実例による企業価値向上ストーリーの検証

企業価値向上ストーリーの理解を深めるべく、実際のビジネス事例を示し、これに知財活動がどのように貢献しているかを具体的に検証しました。
当社においては、事業戦略の策定・実行により顧客提供価値を向上させることで、顧客満足とともに当社への信頼を高め、さらなる事業機会の獲得へつながるという好循環が形成されています。知財活動は、知財・無形資産を保護、活用することで、この好循環の維持・拡大に貢献しています。



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

Source: ASAHI KASEI CORPORATION, Asahi Kasei Report2024 (October 8, 2024), page62, 69
https://www.asahi-kasei.com/jp/ir/library/asahikasei_report/pdf/24jp.pdf

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特集 取締役会実効性評価

各役員の意見

今回の実効性評価では、当社の事業ポートフォリオ変革、取締役会構成や取締役会の運営について、社外役員を含め多面的な意見が提示されました。取締役会は、これらの意見を踏まえ課題を特定し、取締役会全体として実効性は確保されているとの判断に至りました。実効性評価における各役員の意見の一部を以下のとおりご紹介します。

取締役会での議論について

(事業ポートフォリオ変革)

社外取締役

「事業ポートフォリオ変革は時代の変化に合わせる必要がある。3領域を、同じ経営者が経営していくにあたり、何に注力していくべきかを考える必要がある。3領域内のウェイトを時代の変化に合わせてどう見定めていくか、常にそれを考えていく」

「事業ポートフォリオ変革で重要なのは、売却や撤退など、やめるという決断だが、企業にとり、思い入れもありつらい判断だ。議論し、やめた方が良いとなったら背中を押していく必要がある。特につらい決断をする時には力になると思うのでそれは社外取締役の役目だ。外部から違う視点で見るとこうだ、ということを、聖域なく議論することが重要だ」

社内取締役

「取締役会で必要なことは、投資家視点を入れつつ経営の時間軸とは相容れないところに対して説明責任をきっちり果たし堂々と説明できるように、議論していくことだ」

社外取締役

「セパレータ事業は、ストラクチャーなど大きなところはしっかり取締役会で議論し、あとはモニターしていくことが、変化が激しい時代に必要なスタイルだ。しっかりとモニターするのが取締役会の仕事だ」

「2025年度から新中期経営計画が始まる。例えばセパレータ事業をどうするかの議論は、その事業だけでなくマテリアル領域をどうしていくのか、他事業との関係性の中でどうするか、という視点が必要だ。個別の案件も、大きな事業ポートフォリオとの関係の中で議論していく」

社内取締役

「構造転換については大きな方向性を定め、今後のアクションが明確になったので、実行あるのみ、というのが現状だ。一方、成長事業については、今後は単独ではなく共同で進めるなど、やり方が変わる。社外取締役にも積極的に意見をいただき、リスクと機会をバランスよく取りながらやっていく必要がある」

取締役会の構成について

(取締役の構成、独立社外取締役比率など)

社外取締役 社外監査役

「指名諮問委員会では、取締役会全体を見て、強化の必要性がある要素などの議論をしている」

「取締役会に役割として何を求めるかが重要。執行側が描くでき上がった形あるものに対して批判的な視点を加えながら、あるいは視点を付加しながら議論する場所であるならば、社外取締役の数・比率はあまり関係ない」

社内取締役

「2023年度から、社内取締役はコーポレート機能軸の取締役を中心としたことは、適切な変更だと考える」

取締役会の運営について

(情報提供、アジェンダセッティング、取締役会以外の場での議論)

社外取締役 社外監査役

「取締役会の付議案件について、経営会議ではこういう議論があったと必ず補足してくれる。わかりやすいし、これはグッドポイントである」

「年度の初めに取締役会で議論することはリストアップできている。何が議論され、議論されなかったのか確認していくと良い」

「共通理解を持ったうえで戦略や個別案件の議論をすることが重要だ。この点、議事録も取らずにフラットにディスカッションをする場がもっとあると良い」

社内取締役

「社外取締役に議論していただくためにも、必要な情報をタイムリーにしっかりとご理解いただくことが必要。オフィシャルではない場での説明が良いだろう。時間の制限はあるものの、技術面や地域状況といった背景から説明するなど工夫が必要だ」

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

Source: ASAHI KASEI CORPORATION, Asahi Kasei Report2024 (October 8, 2024), page79
https://www.asahi-kasei.com/jp/ir/library/asahikasei_report/pdf/24jp.pdf

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Kao Corporation (4452) (i)

New!

TOPIX Large70

Chemicals

JPX

Voice of Investors

From the perspective of ROIC and growth potential, the company has started to review and reorganize insufficient businesses by bolstering business portfolio management. Even if expenses temporarily increase, investors think this is a necessary structural reform to increase corporate value in the medium to long term, and that its governance is functioning properly.

Improving capital efficiency and profitability

Increasing Capital Efficiency Globally by Bolstering Business Portfolio Management

Masakazu Negoro

Senior Managing Executive Officer
Responsible for Management Finance (Accounting and Finance, Business Structure Reforms, Procurement, Human Capital Strategy)

We have revised our Mid-term plan as K27. We will make efforts to increase corporate value while maintaining steady shareholder returns through appropriate investments that are mindful of capital costs.

We aim to realize a V-shaped recovery from FY2024, achieve a company-wide ROIC of 11% or more by FY2027 (FY2023 was 4.1%), and attain record-high operating income.

Mid-term Plan Review and Structural Reform Implementation

In August 2023, we revised our medium-term management plan as K27. We aim to improve capital efficiency and strengthen global expansion based on *Global Sharp Top* strategy. By adding "Business ROIC" as a new indicator, we will continuously increase EVA® (Economic Value Added) and strive to improve corporate value. In order to achieve K27 and increase corporate value, we will transform ESG *Yoki-Monozukuri* by striving to maximize the power and potential of employees, grow our business as an output, and achieve financial impact as an outcome. It is important to continue this value improvement cycle.

Especially for business growth, Kao must enhance the competitive advantage of its core brands and develop globally high-value-added products. To achieve this, the key to success is to increase capital efficiency by making appropriate investments in human capital, research/technology assets, and marketing globally.

Based on this mindset, in August 2023 we introduced the Mid-term Plan K27, and we started to proceed with structural reforms focusing on the following three measures to establish fundamental competitive strengths.

1. Conduct a drastic strategic review and reorganization of inefficient businesses
2. Promote structural reform of human capital
3. Carry out earnings power reform

We have allocated 54.7 billion yen as structural reform expenses related to conducting a strategic review and reorganization of inefficient businesses and promoting structural reform of human capital. The combined effect of improving profit and reforming earning power is expected to yield approximately 18 billion yen in 2024 and 30 billion yen in 2025 and beyond.

Operating income in 2023 was 60 billion yen due to the temporary increase of these structural reform expenses. However, the core operating income excluding structural reform expenses was 114.7 billion yen and better than the previous year. EVA also increased. This was mainly due to improved profitability in Fabric and Home Care business resulting from strategic price increases and contributions in Health and Beauty Care Business led by high value-added products, especially UV products.

- Business portfolio management are bolstered with ROIC and growth potential in mind. After **setting internal criteria for reviewing inefficient businesses,** they are monitored regularly and **reviewed (e.g. through business transfer)** **(→Point II. 2)**

Source: Kao Corporation, Kao Integrated Report 2024, page19
https://www.kao.com/content/dam/sites/kao/www-kao-com/global/en/investor-relations/pdf/reports-fy2024e.pdf

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Kao Corporation (4452) (ii)

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Chemicals

Improving capital efficiency and profitability

Bolstering business portfolio management

We will continue in-depth discussions on what our portfolio should be from the two perspectives of ROIC and growth potential, and bolster our business portfolio management. As for reviewing inefficient businesses, we have established internal guidelines as standards for decision-making and have also started monitoring situation by business.

We will analyze the focus businesses and brands and the status of each area from various perspectives, and we will aggressively invest in marketing and R&D globally. We plan to leverage our business ROIC and portfolios toward successfully achieving our K27 goals.

These reviews led to the decision to reorganize the production of baby diapers and the transfer of the *Healthya* the tea catechin drink business in FY2023.

Improving earning power with scrum management

TCR action, which pursues cost reductions and at the same time fosters creativity by reviewing work methods with innovative ideas, has firmly taken root globally among employees.

Furthermore, we were able to obtain the understanding of our distributors to implement strategic price increases as planned in 2023. With these two elements as our starting point, we will continue taking on the challenge of further improving our earning power toward K27.

With scrum management focused on each business unit, and involving R&D, purchasing/production/distribution, sales, and indirect divisions, we will review product designs from various perspectives to reduce costs and increase added value, as well as realize appropriate pricing according to the added value. Kao believes that improving profitability by realizing higher gross margins in areas beyond the existing TCR is vital to increasing corporate value. We are growing our business with appropriate brands and SKUs and establishing efficient supply chains to achieve the shift from quantity to quality. Through reducing inventory and optimizing fixed assets, we will work toward enhancing asset turnover and ROIC.

Furthermore, from 2024, we plan to expand the previously limited EVA-linked performance compensation to all employees. With this, each employee's daily activity will directly connect to improving corporate value

Creating cash flow and identifying investment priorities

Operating cash flow (CF) for FY2023 was dramatically improved by more than 70 billion yen from the previous year due to actions including inventory reduction. Additionally, the acquisition of Bondi Sands, which owns an Australian premium skincare brand, resulted in an approximately 37.2 billion yen increase in free cash flow. We will continue to increase operational cash flow by improving the profitability of our businesses while also striving to increase cash flow by shortening cash conversion cycles (CCC*).

For cash flow use, we will clarify the priorities for investment to achieve K27 goals and focus on the following areas.

1) Fields that will boost the competitive advantage of core brands
2) Fields that will globally develop high-value-added products
3) Fields that will increase ROIC in growth driver areas.

After investment in businesses, strategic capital allocations will be implemented in order to maintain stable dividends and repurchase of own shares according to our status.

Furthermore, we will utilize leverage to the extent that we maintain financial health and respond to temporary cash outflows such as mergers and acquisitions (M&A).

* CCC: Cash Conversion Cycle

Envisioned ROIC Improvement by Business (FY2023 Results ⇒ FY2024 Forecast)

Regularly review inefficient businesses to accelerate business reorganization.

Mid-term capital policy —implemented from an EVA perspective

Source: Kao Corporation, Kao Integrated Report 2024, page20
https://www.kao.com/content/dam/sites/kao/www-kao-com/global/en/investor-relations/pdf/reports-fy2024e.pdf

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Kao Corporation (4452) (iii)

New!

TOPIX Large70

Chemicals

JPX

Improvement in Capital Efficiency/Profitability by Business Area (FY2023 Results vs. FY2024 Plan)

Kao

	Sales Growth Rate (%)	Improvement in Operating Income[1] (Billion yen)	Improvement in ROIC (pts)
Stable Earnings[3]	+2.9	+13.7 +14.0	+3.9
Growth Driver[3]	+3.8	+4.1 +18.2	+1.1
Business Transformation[3]	(1.4)	+10.3 +35.8	+8.6
Total	+2.5	+25.3[2] +80.0[2]	+4.7

1. Comparison with "core income" for FY2023. Figures in orange show improvement in operating income.
2. A portion of expenses were allocated as corporate expenses.
3. Stable Earnings: Fabric care, Home care, Personal health
   Growth Driver: Skin care, Chemical, Cosmetics, Commercial-use hygiene products
   Business Transformation: Hair care, Sanitary

ROIC Performance

FY2023 Result		FY2024 Plan
4.1%	⇒	8.8%

- **Discloses the improvement status in capital efficiency and profitability by business. Inefficient businesses are reviewed (e.g. through business transfer) (→Point II. 2)**

Progress of Structural Reforms and Growth Strategy

Kao

Global growth

Stable Earnings	Growth Driver	Business Transformation
Fabric and home care 2023–2024 Solid growth in high market share and high profitability businesses **Personal health** 2023 Solid growth in high profitability businesses	**Skin care** Reinforce skin protection products **Chemical** Focus on high-market-share and high-profitability businesses	**Sanitary (Baby diapers)** 2023 Termination of production in China, and optimization of production in Japan 2024 Transfer of pet care business 2024 Transfer of beverage business
Sanitary (Diapers, sanitary napkins) →Aim to shift to "Stable Earnings" from "Business Transformation"	**Cosmetics** Select global brands and review brand portfolio **Commercial-use hygiene products** Expand sales channels	**Hair care** Establish strategic brand portfolio globally and make a full-scale entry into the high premium market **Sanitary (Sanitary napkins, adult incontinence products)** 2023 Change in business strategy

27

Source: Kao Corporation, Consolidated Financial Results for the Six Months Ended June 30, 2024 and Mid-term Plan "K27" Progress (August 8,2024), page21,27
https://www.kao.com/content/dam/sites/kao/www-kao-com/global/en/investor-relations/pdf/presentations-fy2024-q2-01.pdf

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Fujitsu Limited (6702)

New!

TOPIX Large70

Electric Appliances

JPX

Fujitsu Limited
March 28, 2024

Fujitsu revises Executive Compensation System to strengthen global competitiveness and connection to shareholder value

Tokyo, March 28, 2024- Fujitsu today announced a series of moves to review and enhance its executive compensation system for fiscal 2024 and beyond at the Board of Directors meeting held today, strengthening global competitiveness further reinforcing incentives that link performance, shareholder value and compensation in alignment with its Purpose and Mid-term management direction plan.

The revisions to the Performance-based Stock Compensation Plan (Performance Share) and Restricted Stock Unit Plan are subject to the approval of the proposal for the revision of the Plan at the 124 Annual General Meeting of Shareholders to be held on June 24, 2024.

Revision of executive compensation system

1. Executive Director

・Concept of compensation level

In the past, compensation levels for each job and responsibility were benchmarked mainly against other domestic, Japanese companies in similar business areas and scale , etc. With this revision, however, Fujitsu aims to set benchmarks that are better aligned with international standards. Ultimately, this will position Fujitsu to achieve globally competitive compensation levels that contribute to improving its competitiveness for securing world-class management talent, further incentivize management's commitment to achieving challenging mgoals, and deepen value sharing with shareholders.

・Benchmark composition ratio for compensation

Traditionally, the ratio of basic compensation, bonuses, and performance-based stock compensation was set at 1:1:3 by the Group's Representative Director and CEO. With this revision, however, the ratio will now be set at 1:1:4. Fujitsu plans to set the ratio of performance-based stock compensation to a higher level than that of global companies in Japan and internationally, with the aim of further enhancing the Group's commitment to achieving robust business results and sharing shareholder value. With respect to other executive directors, the ratio of performance based stock compensation was previously set as the highest in the compensation structure, but this revision will further increase the ratio.

・Performance-based stock compensation system

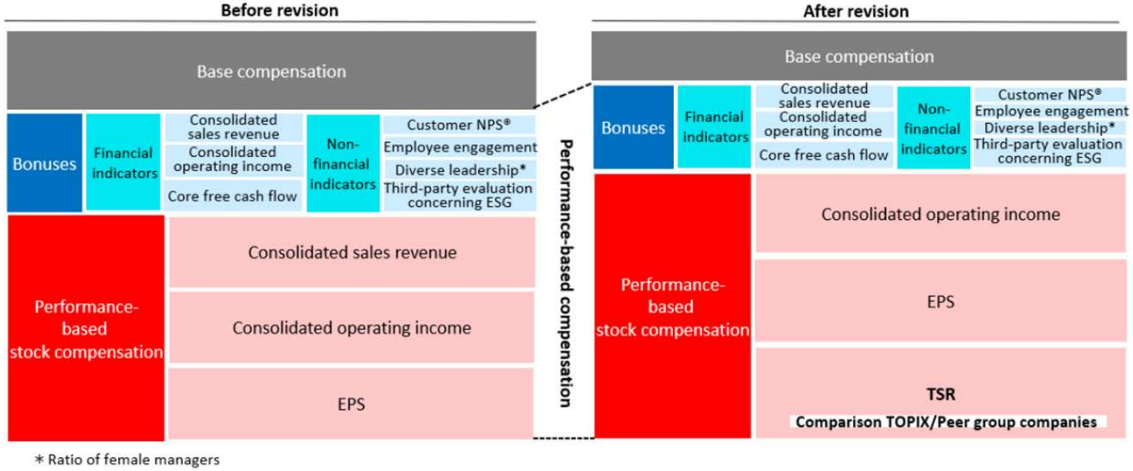
In the past, the performance-based stock compensation system was evaluated as "Consolidated sales revenue and consolidated operating revenue and EPS (earnings per share) (Note 1). " Under the new compensation scheme, Fujitsu will place greater emphasis on profitability and value sharing with shareholders in the medium to long term, and will remove consolidated sales revenue from the evaluation index and add a new total shareholder return (TSR) (Note 2). Specific evaluation of TSR is performed by TOPIX, growth rate competitiveness as well as comparing the TSR with that of the peer group companies selected in advance from the similar type companies globally.

Voice of Investors

The revision of executive compensation shows the management's strong commitment to improving corporate value, such as strengthening of the link with indicators such as TSR, which investors value.

- To deepen value sharing with shareholders, the company **increased the ratio of performance based stock compensation, excluded consolidated revenue from the evaluation indicators, and added TSR. (→Point II. 4)**

Compensation scheme before and after the review



＊Ratio of female managers

Source: Fujitsu Limited, Fujitsu revises Executive Compensation System to strengthen global competitiveness and connection to shareholder value (March 28, 2024), page1-2
https://pr.fujitsu.com/jp/news/2024/03/en/28-2.pdf?_gl=1*jfpiac*_gcl_au*MTYxMzQwMzE2OS4xNzI3NjY0NjIw*_ga*NzExMjIzNC4xNzA5Nzg4ODQ5*_ga_GNHKR21PZP*MTczMDkzNjk5OC4yOC4xLjE3MzA5MzcxMjAuMy4wLjA.

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Mitsubishi Corporation (8058) (i)

Policy for Dialogue with Shareholders

(a) Basic Policy

In addition to the ordinary general meeting of shareholders, MC establishes various types of informational meetings and interactive forums, to actively engages in dialogue with shareholders and investors for the purpose of deepening their understanding of MC's corporate philosophy and principles, fundamental management policies, targets and strategies, and others.

(b) Persons in Charge and Promoting System

To strengthen communication with shareholders and investors, MC has appointed a Chief Stakeholder Engagement Officer (CSEO) as of April 2023. The CSEO manages the Corporate Communications Department, the Sustainability Department, and the Investor & Shareholder Relations Department to meet the growing needs of stakeholders in an integrated manner. The Investor & Shareholder Relations Department is responsible for dialogue with shareholders and investors, and serves as a link between the Business Groups and the Corporate Staff Section.

With respect to information disclosure, MC prepares documents in line with the Financial Instruments and Exchange Act and Companies Act, among others, and discloses information in a timely and appropriate manner in line with the rules defined by the Financial Instruments Exchange. In addition, MC has established a sub-committee of the Executive Committee called the Disclosure Committee that deliberates and confirms the appropriateness of the content included in the Annual Securities Report and related disclosure documents.

Voice of Investors

A position of CSEO in charge of stakeholder engagement was created to further accelerate dialogue with the market. Investors felt a strong commitment from top management to actively engage in dialogue with investors and analysts in Japan and overseas.

- **The company appointed a CSEO (Chief Stakeholder Engagement Officer) to strengthen dialogue with shareholders and investors, and established a cross-functional internal structure.** **(→Point III. 1)**

Source: Mitsubishi Corporation, Initiatives on Corporate Governance Code
(Red frame added be TSE)
https://mitsubishicorp.disclosure.site/en/themes/127/#1088

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Mitsubishi Corporation (8058) (ii)

(c) Policy of Dialogue with Shareholders and Investors and Results of Activities

To continually increase corporate value over the medium to long-term, MC promotes constructive communication with shareholders and investors as follows.

i. Ordinary General Meeting of Shareholders

MC shall position the general meeting of shareholders as MC's highest decision-making body and the place to communicate with shareholders constructively. In addition to proactively disclosing information via the notice of general meeting of shareholders (issued in both Japanese and English), MC shall fulfill its accountability to MC's shareholders by respectfully responding to the questions they raise at the general meeting of shareholders.

ii. Communication with Individual Investors

MC holds regular meetings for individual investors.

＜Activities Conducted in the Fiscal Year Ended March 31, 2024＞

Individual investor briefing sessions: 2 times (of these, 1 included the participation of the President, CFO, etc.)

In addition to the above, short explanatory videos are created for individual investors and made available on MC's website as well as the websites of securities firms.

iii. Dialogue with Institutional Investors

In addition to quarterly financial results briefings, MC hosts briefing sessions and meetings for domestic and foreign institutional investors. In addition, one-off briefings and investor days called "MCSV Creation Forum".

＜Activities Conducted in the Fiscal Year Ended March 31, 2024＞

Financial results briefings*: 4 meetings

MCSV Creation Forum*: 5 meetings (4 business briefing sessions, 1 ESG Briefing)

IInterviews with domestic and foreign institutional investors and analysts: approximately 600 meetings (of these, approximately 30 included the participation of the President and CEO, CSEO, etc.)

Interviews with domestic and foreign institutional investors: approximately 40 meetings (of these, 3 included the participation of the CSEO, Independent Directors, etc.)

(d) Feedback to the Management and Control of Insider Information

If MC maintains double-digit ROE, one of the quantitative targets of Midterm Corporate Strategy 2024, then ROE will exceed the cost of equity. MC believes that recent stock prices reflect the expectation that medium to long-term ROE will exceed 10%. In order to achieve the quantitative targets in Midterm Corporate Strategy 2024, MC steadily operate the initiatives based on the business management systems and enhance disclosure and dialogue with shareholders and investors for generating positive market expectations for sustainable earning growth and creation of shared values. Furthermore, MC aims to increase corporate value over the medium to long-term by reflecting the feedback obtained through these IR/SR activities in our management approach.

- **The company provided disclosure of management's dialogue with domestic and foreign investors and analysts, as well as the status of implementation of such dialogue. In addition, they have a system in place to provide feedback to management on investors' opinions and management issues obtained through the dialogue. (→Point III. 3)**

Source: Mitsubishi Corporation, Initiatives on Japan's Corporate Governance Code
(Red frames added be TSE)
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Voice of Investors

The logic tree, segment-by-segment disclosure, and comparative analysis of the company's performance with global peers provide an easy-to-understand explanation of the direction in which the company is headed.

Review of Operating Results

Previous MTBP (FY2021–FY2023)

Our foremost commitment under the previous Medium-Term Business Plan ("MTBP"), which started in FY2021, was improving ROE; FY2023 result was 8.5%, exceeding the 7.5% target. (8.1% excluding the impact of change of the equity method accounting date for Morgan Stanley*1)

We positioned profits, expenses, and RWAs*2 as the three key drivers that will enable us to achieve this goal. For profits, the numerator of the ROE calculation, we exceeded the targets for net operating profits and profits attributable to owners of the parent as a result of the structural reform and enhancing profitability. We captured the opportunities presented by the rise in interest rates overseas while improving the domestic lending rate under the negative interest rate policy. As a result, net interest income increased for loans and deposits, and commission fees increased in Japan and abroad.

Expenses also met the target of "a level below FY2020," excluding the impact of foreign exchange. The expense ratio improved to 61.0% (68.7% in FY2020) with the promotion of structural reform, including the sale of MUB and the reduction of base expenses through disciplined cost control while allocating expenses for business growth.

We also achieved the target of "a level at the end of March 2021," excluding the impact of foreign exchange for RWA, which is related to capital and is the denominator for ROE, through resource management considering the risk-adjusted return.

We believe our earning power increased, and the business model became substantially more resilient during the previous MTBP period.

*2 Risk-Weighted Asset. The total monetary amount of risk volume calculated by reflecting the degree of risks associated with each asset held by MUFG.

Overview of the new MTBP

New MTBP Financial Targets—Toward the Improvement of ROE

We remain committed to improving the ROE in the new MTBP. Profits, expenses, and RWAs will continue to be positioned as the three key drivers for achieving around 9% ROE by FY2026. In terms of profits, we will aim at over ¥2.1 trillion in net operating profits and over ¥1.6 trillion in profits attributable to owners of the parent through the implementation of the seven growth strategies and optimizing the balance sheet. For cost control, we will reinforce discipline control both in terms of ratio and amount to reduce the expense ratio to around 60% by FY2026 while investing the necessary resources for growth and strengthening infrastructure. For RWA, we will promote the reduction of unprofitable assets (-¥5 trillion) while increasing profitable assets (+¥12 trillion). We are confident that we will be able to achieve a higher ROE through these initiatives.

Improving balance sheet profitability and the seven growth strategies

The plan for net operating profit in FY2026, the final year of the MTBP, is to achieve ¥2.1 trillion, which is about 30% increase from the FY2023 result of ¥1.6 trillion. We expect seven strategies under one of the pillars of the MTBP, "Expand and Refine Growth Strategies," to contribute about ¥340 billion toward the goal.

For example, in the Asia business, which will drive the group-wide consolidated ROE, we are aiming at about ¥130.0 billion increase in net operating profit from FY2023 (before internal adjustments). We will capitalize on the growth of Asia, capturing the growth of partner banks*1 and digital finance businesses that we invested in during the previous MTBP and leveraging synergies between them.

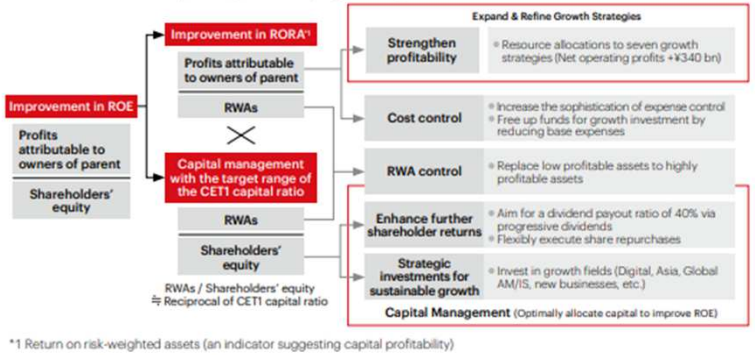
*1 Partner banks (PB): MUFG has positioned Asia as our second "home market" and has been proactively pushing ahead with investment with the aim of capturing opportunities arising from the region's burgeoning economic growth. We have invested in four commercial banks, Krungsri (Bank of Ayudhya, Thailand), Bank Danamon (Indonesia), VietinBank (Vietnam), and Security Bank (Philippines), helping each PB enhance its corporate value and providing high value-added services through collaboration to utilize the customer base and functions of PB effectively.

New MTBP Financial Targets

	FY2023 result	FY2026 target	Medium- to-long-term targets
ROE	8.5% (8.1%*1)	Around 9%	9%–10%
CET1 ratio*2 (finalized and fully implemented Basel III basis)	10.1%	9.5%–10.5%	

*1 Excluding the impact of the change of the equity method accounting date for Morgan Stanley
*2 Equity Tier 1 ratio. Estimated based on the regulation to be applicable from March 31, 2029. Excluding net unrealized gains on AFS Securities

Breakdown of ROE Improving Factors (Logic Tree)



*1 Return on risk-weighted assets (an indicator suggesting capital profitability)

- **Describes the progress made in efforts to improve ROE in an easy-to-understand manner using a logic tree. (→Point II. 5)**

Source: Mitsubishi UFJ Financial Group, Inc., MUFG Report 2024 (Integrated Report), page16
https://www.mufg.jp/dam/ir/report/annual_report/pdf/ir2024_all_en.pdf

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Enhancement of Shareholder Value

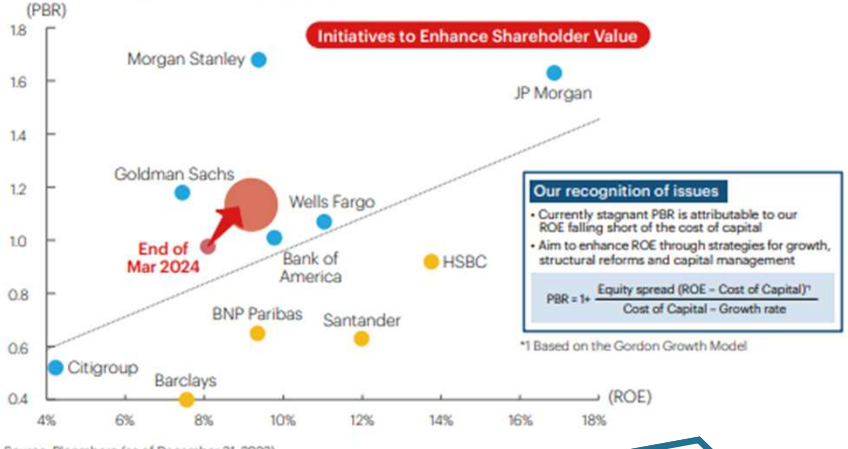
For MUFG, enhancing shareholder value is an important management issue.

Looking at the recent trend in Total Shareholder Return (TSR*1), MUFG's TSR over the past 10 years has been lagging considerably behind that of some global competitors. Although our three-year results for the previous MTBP have shown an upward trend, we believe that this is largely attributable to growing market expectations regarding MUFG's future growth in light of the results of key strategies under the previous MTBP, including those that led to a doubling of EPS over past three years due to profit growth and disciplined capital management. Accordingly, we are acutely aware of the importance of steadily meeting such expectations.

Price Book-value Ratio (PBR) has improved from the 0.4X range and has been trending close to 1.0X since the start of 2024, but still remains under 1X. We believe this is attributable to our ROE falling short of the Cost of Capital. Looking at global banks and the relationship between their PBRs and ROEs, as shown in the diagram below, some U.S. banks whose TSR has remained high over the past decade are appreciated by the market for their robust PBR, which results from ongoing improvement in ROE. This strong PBR, in turn, helps raise the stock prices of these banks and enables them to achieve a constantly high TSR. (Next page: Global Comparisons of TSR)

*1 Total Shareholder Return

Relationships between PBR and ROE ● MUFG ● Europe ● U.S.



Source: Bloomberg (as of December 31, 2023)

- Conducted a **comparative analysis** of the relationship between PBR and ROE, as well as TSR (Total Shareholder Return) trends **in comparison to global peer companies** and disclosed problem recognition. **(→Point I. 2)**

Initiatives to Enhance Shareholder Value

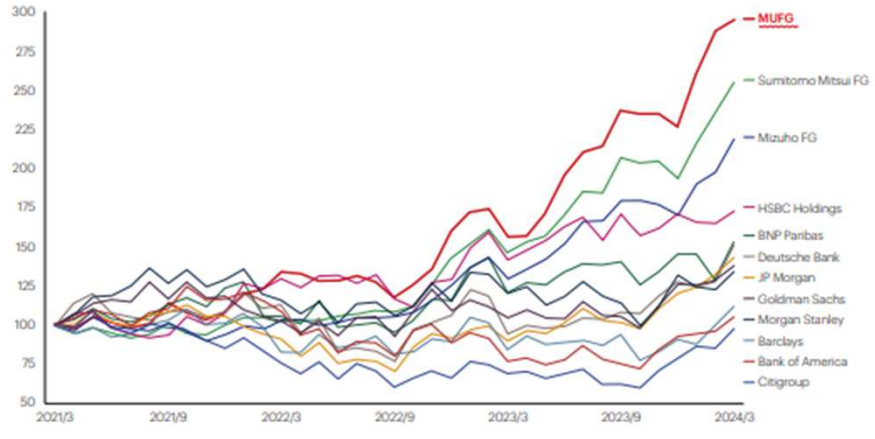
As mentioned earlier, MUFG has positioned ROE at the core of business management based on a recognition that improving ROE is essential to enhancing shareholder value.

We are striving to improve ROE by executing key strategies (Expand & Refine Growth Strategies) as well as practicing proper cost and RWA control and capital management. Details pertaining to these endeavors are provided in the Breakdown of ROE Improving Factors featured on page 15. To achieve a higher stock price with PBR of 1 time, which represents the bare minimum level, or higher, we must stably achieve the MTBP target ROE of around 9%, and aim for 10%, which is within our target range for the medium- to long-term. We also believe that, to improve ROE, it is important to practice disciplined capital management even as we strive for steady and ongoing growth in profit. We expect that achieving robust operating results backed by steady profit growth could positively impact MUFG's stock prices via an increase in PER.

In addition, we deem it important to allocate surplus in a well-balanced manner to both strategic investment, which will be the source of growth in ten years, and shareholder returns. This must be done in a way that maintains disciplined capital management. The new MTBP added the TSR perspective for the compensation system. We will continue to strive for improvement in shareholder value through sustainable improvement of ROE with disciplined capital management and earnings growth.

Global Comparisons of Total Shareholder Return (TSR)

(Closing price as of March 31, 2013 = 100)



Source: Bloomberg

Source: Mitsubishi UFJ Financial Group, Inc., MUFG Report 2024 (Integrated Report), page20-21
https://www.mufg.jp/dam/ir/report/annual_report/pdf/ir2024_all_en.pdf

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ANA HOLDINGS INC. (9202) (i)

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Voice of Investors

Even though its PBR is above 1, the company has clearly set out its issues analysis and direction, and has set targets for further improvement. In addition, the CFO's message tells a story about the series of analyses and future initiatives, and it is clear that the management team is fully committed to the task.

Management Message

Message from the CFO

Toward Improving Return on Capital and Share Price Further

We are strengthening management that is oriented toward the cost of capital and share price, striving for improved corporate value over the medium to long term.

NAKAHORI Kimihiro
Member of the Board of Directors, Executive Vice President
Group Chief Financial Officer

1 Fiscal 2023 in Review

Q The ANA Group posted record profits in fiscal 2023. What were the factors behind this strong performance?

The ANA and Peach brands captured the strong post-COVID-19 inbound travel demand effectively, resulting in a significant increase in operating revenues, particularly in the Passenger Business. The brands improved profitability by controlling yields to a high standard, even as the scale of operations recovered. In terms of expenses, we controlled fixed costs and leveraged continued partial government support, including subsidies and exemptions of taxes and public dues.

Q What progress have you made in restoring the group's financial base, as described in the ANA Group Corporate Strategy?

The strong performance of our Passenger Business led to a steady recovery in profits and cash flow generation. We are restoring our financial base at a pace faster than anticipated. Shareholders' equity amounted to ¥1,044.5 billion, and our shareholders' equity ratio was 29.3%, improving by about 4 points compared with the previous fiscal year. We think the appropriate level of liquidity on hand from a medium-term perspective is ¥500 billion. When correcting to that level, the shareholders' equity ratio would be 37.1%, maintaining financial soundness. Rating and Investment Information, Inc. (R&I) recognized our rapid recovery in earnings and finances, upgrading our credit rating to A- and helping ensure flexibility in financing.

2 Balance Sheet Management

Q What is your perception of the current balance sheet?

We recognize that the balance sheet is inflated temporarily, mainly due to an increase in cash and deposits and interest-bearing debt resulting from funds procured to prepare against the possibility of the prolonged impact of the COVID-19 pandemic. The current balance sheet poses a challenge from the standpoint of efficiency. We plan to reduce our balance sheet over the medium term by using cash on hand for interest-bearing debt repayments. We also plan to manage our aircraft, spare engines, and spare parts—the ANA Group's main assets—appropriately, while reducing cross-shareholdings.

Q Describe the repayment plan for the subordinated loans, which could be considered one measure to reduce the balance sheet.

As we progress in restoring our financial base with the recovery in our performance, we intend to use cash on hand to repay ¥200 billion each in 2025 (tranche A) and 2027 (tranche B) as early repayments. We will keep a close eye on the impact of the change in lease accounting standards scheduled for fiscal 2027 and beyond.

Early Repayment Terms (Without Refinancing)

(1) Real net debt-to-equity ratio* ≦0.73

$$\frac{\text{*(Loans + Bonds + Lease obligations + Future lease payments) - (Cash and deposits + Marketable securities)}}{\text{Shareholders' equity (Net assets - Non-controlling interests)}}$$

(2) Shareholders' equity of ¥919.2 billion or more

In the case of tranche A for (1) and (2), we consider the recognized equity of tranche B.

Our financial management policy is to maintain an appropriate level of shareholders' equity in line with business risks so that we can adapt to various changes in the business environment, and we will continue to utilize hybrid financing, such as subordinated loans and subordinated bonds, as one of our financing methods as needed.

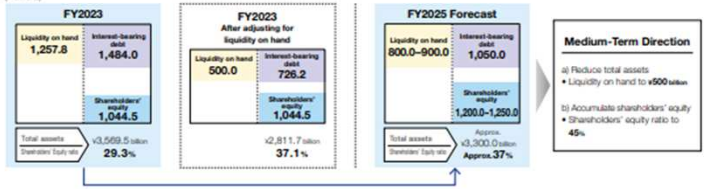
Q What are the conversion terms of the ¥150 billion in euro–yen convertible bonds issued in December 2021?

The bonds in question have a 120% soft call option provision designed to facilitate conversion. Under this provision, if the Company's share price (closing price of ¥2,883 at the time of issuance; ¥2,838.4 as of April 1, 2024) remains at 120% or more of the conversion price for 20 consecutive trading days (equivalent to ¥3,460 or more at the time of issuance; ¥3,407 or more as of April 1, 2024), the Company has the right to redeem the bonds at 100% of the principle in advance of or on December 10, 2024, which is three years after the issuance date. If the Company exercises this option, the share price will be above the conversion price, and bondholders will find it economically rational to convert to shares prior to early redemption. This provision has the effect of encouraging conversion to shares. We established these terms to ensure a certain degree of flexibility in future financial strategies. The Company's share price reference in this provision begins on August 15, 2024. If our share price (closing price) exceeds ¥3,407 for 20 consecutive trading days after that date, we will be able to reduce interest-bearing debt and increase equity by ¥150 billion by exercising the soft call option.

On the other hand, we may not make a decision to exercise this right immediately considering share price level and our medium-term targets for shareholders' equity and shareholders' equity ratio. If the bonds are not converted into shares, the bonds will simply be zero coupon low interest bonds, redeemed when due. We plan to determine the funds based on the Company's financial condition, interest rates, capital market trends, and other factors at the time.

Q In what direction will you aim your balance sheet over the medium term?

The policy under the current ANA Group Corporate Strategy (FY2023-25) is to prioritize restoring our financial base by building shareholders' equity through profit accumulation. We expect our shareholders' equity ratio at the end of fiscal 2025 to be around 37%. In fiscal 2026 and beyond, we believe the appropriate level of liquidity on hand will be ¥500 billion and are targeting a shareholders' equity ratio of around 45% as we continue to strengthen our risk tolerance capable of dealing with another large-scale pandemic. ANA aims to obtain a credit rating of A from R&I.



- **Shows an awareness of the issues with the current balance sheet, and clearly states the direction the balance sheet should take (→Point I. 3)**

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Source: ANA HOLDINGS INC., Annual Report 2024, page18-19 (Red frame added be TSE)
https://www.ana.co.jp/group/en/investors/irdata/annual/pdf/24/24_E_00.pdf

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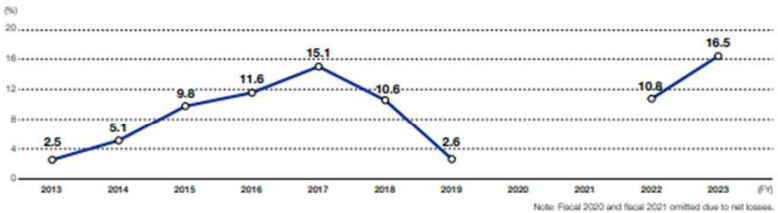
3 Return on Capital and Cost of Equity

Q How do you view ROE levels historically? What initiatives are you taking to improve ROE?

From a premise of financial soundness, we work to maximize corporate value by improving ROE. With the expansion of slots at Haneda Airport in fiscal 2014, we increased our routes and network focused on international routes while improving profitability, leading to an ROE in excess of 10% for fiscal 2016. On the other hand, ROE declined due to weakening earnings caused by the COVID-19 pandemic after the first half of 2020. In fiscal 2022, ROE again exceeded 10%, reaching a record high of 16.5% in fiscal 2023, as passenger demand recovered and we engaged in detailed cost management. Our policy is to improve ROE by increasing profitability (net income margin) and efficiency (asset turnover).

We plan to increase profitability by expanding our strong International Passenger Business and investing in growth, including in new business sectors. In addition, we intend to accelerate discussions on our airline portfolio (ANA, Peach, AirJapan) and business portfolios (passenger and cargo; airlines and non-air) to optimize the allocation of management resources across the ANA Group. As mentioned above in terms of efficiency, we recognize the balance sheet challenges we face, and we will continue to manage the balance sheet for effective value creation.

Return on Equity (ROE)



Note: Fiscal 2020 and fiscal 2021 omitted due to net losses.

Net Income Margin (Profitability)

- Expand the International Passenger Business and improve profitability
- Expand business through growth investments, including new business sectors
- Accelerate discussions on the airline portfolio and business portfolio to optimize the allocation of management resources across the group

Asset Turnover (Efficiency)

- Optimize investment scale
- Optimize assets owned (aircraft, engines, parts, etc.)
- Reduce cross-shareholdings

Financial Leverage (Debt)

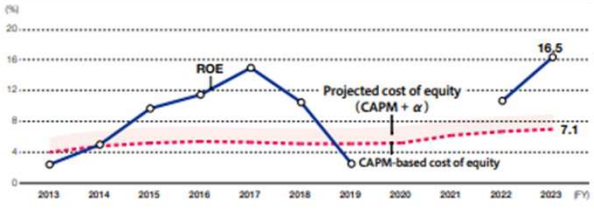
- Maintain a certain level of liquidity on hand and shareholders' equity against risk events
- Maintain liquidity on hand at ¥500 billion
- Maintain shareholders' equity ratio at 45%

Note: Fiscal 2020 and fiscal 2021 omitted due to net losses.

Q What is your perspective on cost of equity?

While we believe that ongoing communications with investors is the most important way to determine the appropriate cost of equity, we also monitor the cost of equity as calculated by the capital asset pricing model (CAPM) and earnings yield. ROE for fiscal 2023 was 16.5%, compared to our recognized 7.1% cost of equity based on CAPM. We believe this is a sufficient equity spread. Note that the CAPM-based cost of equity was in the 5% range prior to the pandemic. The cost of equity has been on an upward trend since the end of the pandemic, partly due to changes in leveraged beta. Given the most recent views from the capital market, we believe we must maintain a cost of equity at around 8%. We intend to maintain an equity spread of at least 4%, looking to possibly raise our current medium-term ROE target of 12%. We will continue to engage in constructive dialogue with a wide range of investors, striving to understand the expectations of the capital markets.

ROE and Cost of Equity



Future Guidelines

Q What steps are you taking to reduce the cost of equity to ensure a stable equity spread?

We are implementing three broad categories of initiatives to reduce the cost of equity. The first is to control interest-bearing debt in light of an optimal capital structure. Our analysis of the changes in levered and unlevered betas indicates that the cost of capital has increased with higher financial risk due to the increase in interest-bearing debt since the COVID-19 pandemic. We will improve our financial security by repaying interest-bearing debt consistently. The second is to control performance volatility. Struggling performance during the COVID-19 pandemic was inevitable. Learning from this experience, we know the importance of building a strong business structure and implementing a portfolio strategy capable of withstanding risk events. The third relates to our ESG initiatives. We must remove uncertainties to future growth from a medium- to long-term perspective, focusing on measures to reduce CO_2 emissions, an important issue for an airline group. We will reduce the cost of capital through progress in these three initiatives as we communicate closely with the capital markets.

1. Control interest-bearing debt	• Repay interest-bearing debt consistently (¥500 billion–¥600 billion: forecast total for 2023–2025) • Early repayments of subordinated loans (FY2025 and FY2027)
2. Control performance volatility	• Secure aircraft and human capital to expand profits in the Air Transportation Business • Control fixed costs via cost management • Expand Non-Air Business profit segments
3. Implement ESG initiatives	• Ensure the stable procurement of SAF (strengthen outreach and coordination with relevant parties) • Refine estimates of costs for medium- to long-term environmental response (e.g., costs related to CORSIA* compliance) • Strengthen governance (risk management and compliance enhancement initiatives)

* CORSIA: Carbon Offsetting and Reduction Scheme for International Aviation

Step Up IR Activities	Present timely and full information disclosures to the capital market and pursue dialogues with investors

- **Sets equity spread targets based on the cost of shareholders' equity, taking into account the perspective of the capital markets (→Point II. 1)**

- **In order to reduce the cost of shareholders' equity, the company is promoting measures such as controlling interest-bearing debt, curbing business performance volatility, and ESG initiatives. (→Point II. 3)**

Source: ANA HOLDINGS INC., Annual Report 2024, page20-21
https://www.ana.co.jp/group/en/investors/irdata/annual/pdf/24/24_E_00.pdf

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- Given the current situation where stock prices are struggling to grow, even though **PBR is above 1**, the company will **continue to analyze and consider ways to further improve it.** They have also set a **target of aiming for a PBR of 2x while securing a stable equity spread.** **(→Point II. 1)**

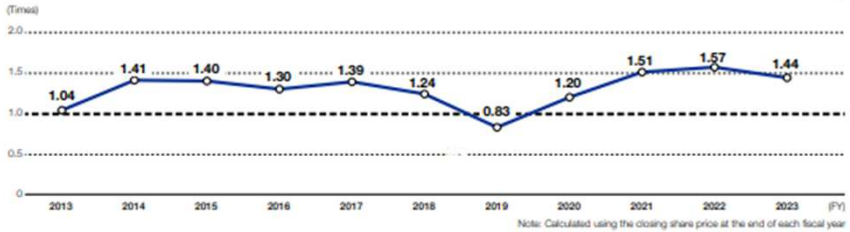
- By introducing an **executive officer compensation system that serves as a medium- to long-term incentive for increasing corporate value**, and by **granting shares to employees**, the company will promote the active participation of employees in increasing corporate value. **(→Point II. 4)**

4 Share Price

Q What is your view of the current share price and share price indicators?

Looking back at past PBR performance, we have been well above 1 times in almost every period, except those impacted by COVID-19. In the past 10 years, however, we have never achieved a PBR of 2 times, remaining in the range of 1 times. The highest share price (closing price) during the same period was ¥4,753 on January 9, 2018. While we posted record profits and profit margins in fiscal 2023, our current share price hovers around ¥3,000. The struggling share price can be attributed to a number of factors, including our public offering in the wake of the COVID-19 pandemic, the increase in outstanding shares (dilutive shares) issued with the issuance of convertible bonds, and the fact that investors may consider shareholder returns insufficient based on our focus on restoring our financial base. However, we believe the most important factor in improving our share price is to communicate the story of medium- to long-term corporate value enhancement to investors. While the forecast for the current fiscal year assumes a decline in profit, management is engaged in deep discussions regarding how we will demonstrate the likelihood of achieving our fiscal 2025 operating income target of ¥200 billion and show a concrete path to the next stage of growth. We aim to achieve a PBR on the order of 2 times and maintain a stable equity spread by raising ROE to our medium-term target of 12% as quickly as possible.

PBR

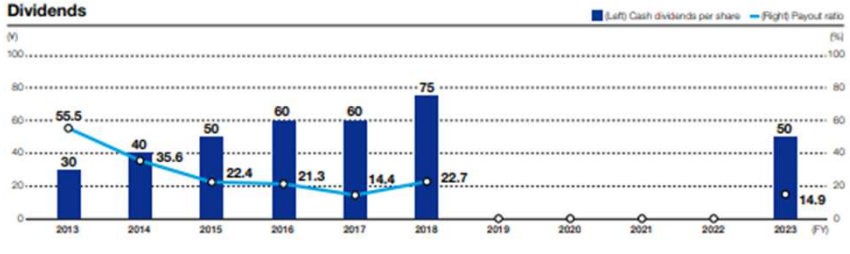


Note: Calculated using the closing share price at the end of each fiscal year

Q What are your thoughts on the policy for shareholder returns?

In fiscal 2023, we published a release at the end of October announcing the resumption of dividend payments (¥30 per share) for the first time in five years, ultimately paying a dividend of ¥50 per share. Dividends per share and the dividend payout ratio remain lower than pre-COVID-19 levels. However, we intend to increase shareholder returns beginning in fiscal 2026, taking into account the restoration of our financial base and the balance between our profit outlook and investments in growth. In addition to dividends, we intend to meet the expectations of shareholders by increasing net income per share (EPS) and by increasing our share price. As mentioned above, the number of outstanding shares (dilutive shares) is increasing, which is a factor restraining the growth of EPS. Therefore, the Company will consider the option of share buybacks, assuming we can maintain financial health, which is a medium-term goal.

Dividends



5 A Remuneration System that Contributes to Enhanced Corporate Value

Q Does your officer remuneration system incorporate incentives to increase corporate value over the medium to long term?

Our officer remuneration system is performance-linked, combining multiple indicators. We designed the system to improve corporate value over the medium to long term, reflect common interests with our shareholders, and encourage sustainable growth. In fiscal 2023, we added new indicators related to the Non-Airline Business/*ANA Economic Zone*. These new indicators encourage management to focus on medium- to long-term growth by addressing materiality.

	Performance-linked (ratio 0.00 to 0.92)	
Fixed (ratio 1.0)	Various measures to evaluate single-year results	Evaluate contributions to corporate value over the medium to long term
Payment according to title, etc.	Net income Safety Customer satisfaction Employee satisfaction	ROE Non-Airline Business/ *ANA Economic Zone* indicators ESG indicator Productivity indicator

Q What employee incentive program do you have in place?

We adopted a plan to grant shares not only to directors but to employees as well. This plan raises employee awareness of our business and encourages employees to play an active role in ANA Group sustainable corporate value enhancement.

Incentive	Year Implemented	Eligibility	No. of Shares	Restriction	Purpose
Special incentive	FY2022	Employee stock ownership association members	70	–	Increase work ethic
Restricted stock incentive (RS)	FY2023	Employee stock ownership association members	100	3 years	Step up incentives for achieving the ANA Group Corporate Strategy

Source: ANA HOLDINGS INC., Annual Report 2024, page22-23 (Red frame added be TSE)
https://www.ana.co.jp/group/en/investors/irdata/annual/pdf/24/24_E_00.pdf

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Ⅰ. TOPIX Core30、TOPIX Large70

Ⅱ. TOPIX Mid400

Ⅲ. TOPIX Small

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INPEX CORPORATION (1605) (i)

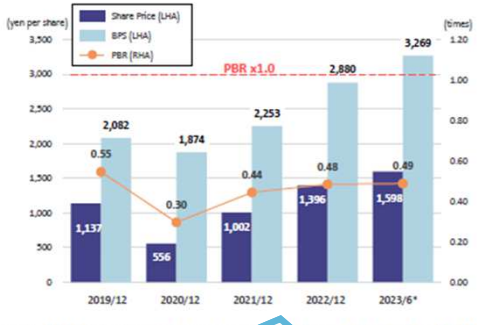
Analysis of Current Situation

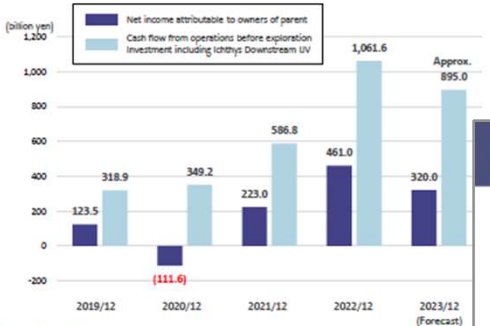
INPEX

Based on sound financial performance and improved shareholder returns, PBR is on the rise although it is currently in the 0.5 to 0.6 range. Our share price also remains at a discounted level. We believe this reflects the uncertainty over the sustainability of the oil & gas business, the risk of assets being stranded and the uncertainty concerning our future shareholder returns.

On the other hand, in view of the current global energy situation, we acknowledge there are growing expectations for the roles we play in society. Thus, we aim to thoroughly make our oil & gas business cleaner and more resilient to strengthen our stable supply of energy.

We are steadfastly pursuing our energy transformation through our 5 net zero businesses by implementing renewable energy businesses, including wind power and geothermal power projects in our core regions, and making sound progress on hydrogen and methanation initiatives.





*INPEX's PBR is 0.56 when calculated with the share ... 3 yen as of 31 July 2023, and BPS of 3,269 yen as of 30 June 2023.

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- After conducting a **time-series analysis of indicators such as PBR**, the company **presents an evaluation and background factors. (→Point I. 2)**

- After indicating the **direction they aim to take in the medium to long term**, the company **explains the specific measures they will take to achieve this. (→Point II. 5)**

Voice of Investors

The series of content is clearly presented, and includes the analysis of the current situation, the direction to be taken, and specific initiatives. In addition, the company has clearly stated its aim to steadily secure a higher ROI than WACC, and its efforts to improve corporate value can be seen as accelerating.

August 2023 Announcement

Our Initiatives Going Forward

INPEX

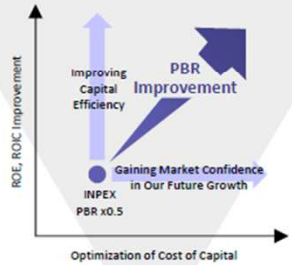
In INPEX Vision @2022, we outlined our strategy to sustainably provide a stable supply of diverse energy over the long-term, and to contribute to the energy transformation as an industry pioneer. This strategy continues to be valid in view of the current global energy situation.

We will aim to sustainably grow our corporate value by investing in sources of business growth, while giving considerable weight to the long-term improvement of capital efficiency. Based on such accomplishments, we will strengthen shareholder returns.

We will promote sustainability management and strategically allocate management resources to developing technology and human resources. We will also continue to provide a stable supply of energy, promote climate change response and pioneer energy transformation.

Improving Capital Efficiency

- Steady growth in net income through portfolio enhancement, cost reduction
- Introducing ROIC as a new management KPI to more precisely manage capital efficiency. With ROE and COE in mind, will aim to realize ROIC to stably exceed WACC (approx. 6% on CAPM basis) aiming for further enhancement
- Appropriate control of financial leverage



Growth Initiatives to Gain Market Confidence

Gaining market confidence to our future business growth through following initiatives:

- Oil and Gas (Ichthys, Abadi) growth
- Turning our renewable energy business into a contributor to stable income
- Through CCS, reducing stranded asset risks in oil and gas
- Capturing growth opportunities in hydrogen and ammonia

Action to improve Capital Efficiency

Confidence in Future Business Growth

Stronger Shareholder Returns and Deeper Dialogue with Investors

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Source: INPEX CORPORATION, Financial Results for the six months ended June 30, 2023 (August 10, 2023), Page12-13
https://www.inpex.co.jp/english/ir/library/pdf/presentation/e-Presentation20230810-a.pdf

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INPEX CORPORATION (1605) (ii)

Initiatives to Improve Capital Efficiency

INPEX

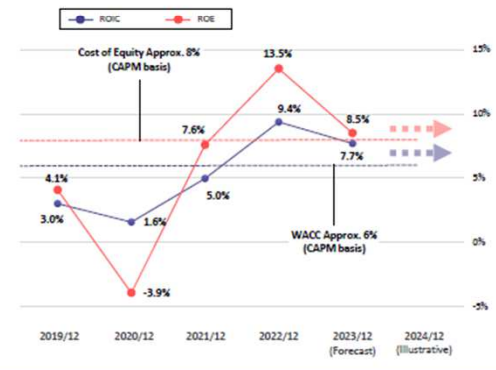
Following the start-up of Ichthys, INPEX is in the next phase of growing its business foundations. By continuing even higher quality growth investments, we aim to enlarge our portfolio and improve capital efficiency through strengthening our energy business foundations.

We aim to achieve a ROIC above WACC in each of our business areas.

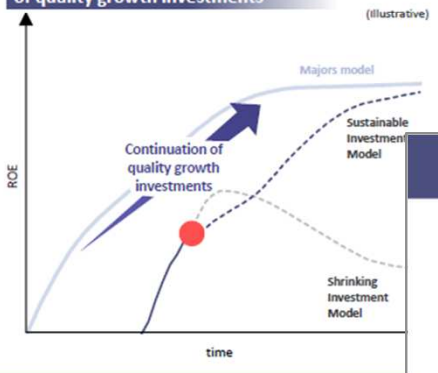
- To appropriately reflect our business characteristics, for the numerator of ROIC, we utilize adjusted net income (before interest expenses, extraordinary profit/loss and net income/loss attributable to non-controlling interests), which includes equity in earnings of affiliates such as the Ichthys Downstream LIV.

Backed by strong cashflow through factors such as stable production at Ichthys, reduction of interest-bearing debt has progressed ahead of schedule further securing our financial soundness. Going forward, we will appropriately control leverage so that the net D/E ratio remains largely within the range of 30% to 50%.

ROE、ROIC



Increasing ROE through continuation of quality growth investments



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August 2023 Announcement

Stronger Shareholder Returns and Deeper Dialogue with Investors

INPEX

Based on our confidence in securing future business growth and as an action to improve capital efficiency, we will continue to strengthen shareholder returns.

With reduction of net interest-bearing debt steadily progressing, keeping in mind the balance with growth investments, we will expand allocation to shareholder returns and conduct the following measures.

As a result, shareholder returns in FY2023 will amount to approximately 200.0 billion yen. Dividend payout ratio and total payout ratio (including buyback) is forecasted to be approximately 30% and 61%, respectively.

① Annual DPS forecast increased to 74 yen per share from 62 yen in FY2022 (37 yen interim & 37 yen at year-end)
② Best efforts will be made for FY2024 DPS to be equal to or greater than FY2023 DPS
③ To conduct share buybacks amounting 100.0 billion yen in FY2023
④ To cancel own shares acquired in FY2022 and FY2023 (120.0 billion yen in FY2022, 100.0 billion yen in FY2023)

Increasing DPS

Share Buybacks and Cancellation

2023/12	100.0 billion yen	To be bought back and cancelled	
2022/12	120.0 billion yen	To be cancelled	About 80 million shares
2021/12	70.0 billion yen	Cancelled	About 76 million shares

Deeper Dialogue with Investors

- Institutional investors and analysts: To hold inaugural Investor Day and enhance one-on-one meetings, small meetings, conferences organized by securities companies, overseas road shows, overseas site visits
- Individual investors: To enhance presentation sessions and domestic site visits

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Source: INPEX CORPORATION Financial Results for the six months ended June 30, 2023 （August 10, 2023）Page14,16
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INPEX CORPORATION (1605) (iii)

Progress Update for "Sustainable Growth of Corporate Value"

INPEX

Various initiatives conducted after the announcement of "Sustainable Growth of Corporate Value" in August 2023

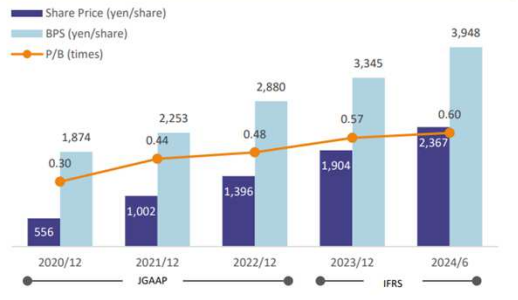
Our analysis on factors leading to the discount

- Room for improved profitability
- Risk of assets being stranded
- Uncertainty concerning shareholder returns

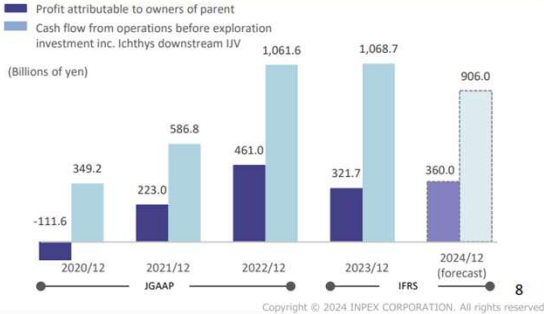
Our initiatives

- Improving capital efficiency
- Growth initiatives to gain market confidence
- Stronger shareholder returns and deeper dialogue with investors

Share Price and P/B



Financial Results



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August 2024 Announcement

Progress Update for "Sustainable Growth of Corporate Value"

INPEX

Improving capital efficiency | Growth initiatives to gain market confidence | Stronger shareholder returns and deeper dialogue with investors

Introduction of ROIC and ROIC by Segment

- Introduced ROIC as management KPI in August 2023. Disclosed ROIC by segment in November 2023 at INPEX Investor Day.
- Achieved a ROIC above WACC in FY2023. Forecasting FY2024 ROIC to be 7.5%.
- With ROE and cost of equity in mind, aiming to achieve a ROIC above WACC in each of the business areas

ROE & ROIC

Steady Growth in Profit

- 360.0 billion yen profit, an increase of +11.9% YoY, forecasted for FY2024

Cost Reduction

- Production cost* of US$5.6/boe forecasted for FY2024, maintaining similar level as the previous fiscal year despite the inflationary environment

*Average production cost per boe produced (excluding royalty)

Capital Management

- Stronger shareholder returns (Rf. page 12)
- Appropriately controlling leverage so that the net D/E ratio remains largely within the range of 0.3 to 0.5
- Net D/E ratio of 0.33 forecasted for FY2024 year end (Rf. Page18)

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Source: INPEX CORPORATION, Financial Results for the six months ended June 30, 2024 (August 8, 2024) Page8-9
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INPEX CORPORATION (1605) (iv)

Progress Update for "Sustainable Growth of Corporate Value"

Improving capital efficiency | **Growth initiatives to gain market confidence** | Stronger shareholder returns and deeper dialogue with investors

INPEX

	■ Growth of oil & gas business	■ Implementing CCS to reduce the risk of stranded oil & gas assets
Ichthys LNG (In operation)	• **Continue stable operations** • Aim to achieve LNG production volume of 9.3 mtpa (facility capacity already established) • **Acquire stakes in the vicinity** to strengthen earnings base • Continue evaluation of 3rd train expansion targeting start-up in the 2030s	• Conduct **3D seismic survey and drilling** in the GHG assessment permit to implement CCS • Aim to contribute to the Darwin-based CCUS Hub proposed by the Northern Territory Government **having in view a potential to import CO_2 from Japan**
Abadi LNG (Pre-FID)	• **Solid natural gas demand expected in Asia** • Aim to achieve **IRR in the mid-10% range** • **Preparatory works such as surveys** underway toward production start in around 2030	• Plan to **reduce 100% native CO2** (CO2 from reservoir) with CCS • Potential plan to make it a **CCS hub**

■ **Turning renewable energy business into a stable income source**

- Reached **FID on Quorn Park solar power and battery project**, the first investment of its kind after the acquisition of shares in EGPA
- While continuing to be involved in the operations of the existing assets held by EGPA, **select and develop new assets with high profitability** with aim to further increase the power generation capacity

■ **Capturing future growth opportunities in CCS & hydrogen etc.**

- Aim to start operations **by around 2030** while gaining government support
  - ➢ Low-carbon ammonia project at the port of Houston, Texas
  - ➢ Tokyo Metropolitan Area CCS Project and Tohoku Region West Coast CCS Initiative etc.

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August 2024 Announcement

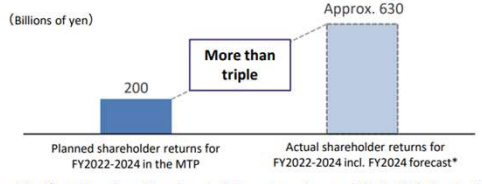
Progress Update for "Sustainable Growth of Corporate Value"

Improving capital efficiency | Growth initiatives to gain market confidence | **Stronger shareholder returns and deeper dialogue with investors**

INPEX

■ **Stronger shareholder returns**

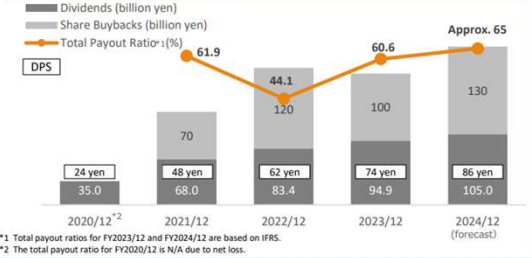
Shareholder returns for FY2022-2024



- Significantly enhancing shareholder returns beyond the initial plan in the Medium-term Business Plan (Rf. Page 25-26 for details on cash allocation).

* Actual shareholder returns for fiscal years 2022 and 2023, plus forecasted shareholder returns for fiscal year 2024.

Increasing shareholder returns



*1 Total payout ratios for FY2023/12 and FY2024/12 are based on IFRS.
*2 The total payout ratio for FY2020/12 is N/A due to net loss.

■ **Deeper Dialogue with Institutional Investors**

- Conducted Investor Day
- Enhanced engagement between investors and top management
- Actively participated in domestic and overseas conferences
- Resumed overseas road shows (held online during COVID)
- Conducted overseas facility tour

■ **Enhanced IR for Individual Investors**

- Actively held individual investor briefings (including online)
- Conducted domestic facility tours

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Source: INPEX CORPORATION, Financial Results for the six months ended June 30, 2024 (August 8, 2024) Page10-11
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OBAYASHI CORPORATION (1802) (i)

New!

TOPIX Mid400

Construction

March 2024 Announcement

Notice Concerning Revision of Capital Policy

OBAYASHI CORPORATION (hereinafter referred to as the "Company") hereby announces that the Board of Directors has decided to revise the basic capital policy and specific measures. The details are described below.

1. Basic Capital Policy

The Obayashi Group Medium-Term Business Plan 2022 stipulates that the Company works to strengthen the business foundation and accelerate company-wide transformation and targets a minimum return on invested capital (ROIC) of 5% or more over the medium term as one of the performance indicators for promoting management that emphasizes capital efficiency.

To achieve the target, the Company will work on striving for sustainable profit growth in each business as before and on controlling invested capital. Additionally, as a result of examining a capital structure that further emphasizes capital efficiency, including the use of finance leverage, the Company decided to set the necessary equity at around one trillion yen and target a return on equity (ROE) of 10% by fiscal year ending March 31, 2027 (FY2026), the final year of the Obayashi Group Medium-Term Business Plan 2022, by conducting strategic shareholder returns.

Therefore, the Company will revise some of the performance indicator targets in the Obayashi Group Medium-Term Business Plan 2022 as follows.

	Performance indicator targets	Current	After change
Stability indicators	Equity standard	Equity ratio of around 40%	1 trillion yen
Efficiency indicators	Return on invested capital (ROIC)	5% or more in the medium term	5% or more in the medium term
	Return on equity (ROE)	(Reference) 8% or more in the medium term	10% or more by FY2026

Moreover, reviews on other performance indicator targets and cash allocation in the Obayashi Group Medium-Term Business Plan 2022 are also underway in the Company and scheduled to be released with the financial results announcement for the fiscal year ending March 31, 2024, in May 2024.

2. Current Situation Recognition

Aiming to enhance its corporate value, the Obayashi Group (hereinafter referred to as the "the Group") invests in human resources, digital transformation (DX), technology, and enhancement

Voice of Investors

Even during the medium-term period, the company recognizes the importance of taking measures that place greater emphasis on capital efficiency, and it has raised its target levels and reviewed its initiatives to achieve them. We can appreciate its sincere approach to the stock market.

of productivity to continue to fulfill the social mission of the construction industry where a decline in the number of engineers and workers is expected while giving top priority to the safety and quality. In addition, the Group carries out timely growth investments by taking advantage of its solid financial foundation in fields where the Group can establish a competitive advantage. Moreover, the Group has been selling cross-shareholdings to reduce the ratio of consolidated net assets to 20% or less by the end of FY2026.

However, the current price-to-book ratio (PBR) of the Company's shares is below one. The Group recognizes that this is partly due to a decline of ROIC and ROE in association with a decrease in operating margin and increase of equity in recent years, and insufficient communication of the Group's growth strategy with stakeholders.

At the Company, shareholders' equity cost and weighted average cost of capital (WACC) have been calculated with the capital asset pricing model (CAPM) and are used for internal investment decisions and the management accounting system. The Company is aware that shareholders' equity cost for the Company in the CAPM is at the 5% to 7% level, and WACC is around the 4% level. In addition, after examining changes in ROE and PBR over several years, the Company estimates that the cost of shareholders' equity that the stock market demands is around 8% to 9%.

The Company recognizes that it is necessary to work on specific measures where capital efficiency is further emphasized with the aim of ROIC of 5% or more that exceeds WACC, and ROE of 10% or more that exceeds the cost of capital as targets.

- **Recognizing that the level demanded by the stock market for the cost of shareholders' equity (as calculated using CAPM) exceeds the level recognized by the company itself, the company has raised its ROE target value. (→Point II. 1 & Point III. 4)**

Source: OBAYASHI CORPORATION, Notice Concerning Revision of Capital Policy (March 4, 2024), page1-2 (Red frame and red lines added by TSE)
https://ir.obayashi.co.jp/en/ir/ir-news/irnews20240304103052/main/0/link/File11816362.pdf

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OBAYASHI CORPORATION (1802) (ii)

New!

TOPIX Mid400

Construction

JPX

3 Addendum to the Medium-Term Business Plan 2022
(2) Partial revision of performance indicator targets

Performance Indicator Targets

- Recover profitability and achieve 100 billion yen in consolidated operating income, expecting the consolidated operating income by the end of FY2024 to be below 100 billion yen due to the substantial impact of unprofitable construction projects caused by soaring construction material prices and other factors.
- Aim to achieve ROE of 10% by FY2026 through strategic capital policy by setting the necessary equity at around 1 trillion yen after considering the capital structure that further emphasizes capital efficiency.
- New targets for equity, ROE, and DOE as performance indicators are disclosed on March 4, 2024. New targets are also set for consolidated net sales, profit attributable to owners of parent, and EPS.

	FY 2022 Results	FY 2023 Results	FY 2024 Forecasts	Original Targets	Targets after the change
Consolidated net sales	1,983.8 billion yen	2,325.1 billion yen	2,510.0 billion yen	Around 2 trillion yen	Mid 2 trillion yen
Consolidated operating income	93.8 billion yen	79.3 billion yen	93.0 billion yen	100.0 billion yen or more	100.0 billion yen or more
Profit attributable to owners of parent	77.6 billion yen	75.0 billion yen	87.0 billion yen	-	Around 100.0 billion yen
Profit attributable to owners of parent per share (EPS)	108.34 yen	104.69 yen	121.34 yen	100 yen or more	Around 140 yen
Invested capital at the end of period	1,373.8 billion yen	1,518.6 billion yen	1,590.0 billion yen	-	-
Equity at the end of period	997.1 billion yen	1,151.6 billion yen	1,147.0 billion yen	Equity ratio of around 40%	1 trillion yen level
Interest-bearing debt at the end of period	337.9 billion yen	323.8 billion yen	400.0 billion yen	-	-
Return on Invested capital (ROIC)	4.9%	3.8%	4.2%	5% or more in the medium term	5% or more in the medium term
Return on equity (ROE)	8.0%	7.0%	7.6%	Reference) 8% or more in the medium term	10% or more by FY2026
Dividend on equity ratio (DOE)	3.1%	5.0%	5.0%	Around 3%	Around 5%

MAKE BEYOND | 8

May 2024 Announcement

Investment Plan

	Original Plan 2022-2026	Original Plan 2022-2023 Actual	Plan after the change
■ Intangible asset investment for platform development			
Human resource-related investments	25.0 billion yen	10.6 billion yen	30.0 billion yen
DX-related investments	70.0 billion yen	31.9 billion yen	90.0 billion yen
Technology-related investments	80.0 billion yen	33.2 billion yen	100.0 billion yen
■ Continuous tangible asset investment with a focus on strengthening the foundation of the construction business			
Construction machinery and business facilities	50.0 billion yen	33.5 billion yen	75.0 billion yen
■ Growth investment toward expanding business portfolio			
Real estate development business	300.0 billion yen	175.9 billion yen	300.0 billion yen
Green energy business	50.0 billion yen	6.0 billion yen	60.0 billion yen
M&A, capital tie-ups, VC, etc. (including open innovation investments)	25.0 billion yen	44.8 billion yen	95.0 billion yen
Total investment amount for five years	600.0 billion yen	336.0 billion yen	750.0 billion yen

* Potential investments for growth such as large-scale M&A projects are not included in the plan above

MAKE BEYOND | 9

Source: OBAYASHI CORPORATION, Addendum to Medium-Term Business Plan 2022 (March 13, 2024), page8-9
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OBAYASHI CORPORATION (1802) (iii)

New!

TOPIX Mid400

Construction

JPX

Investment Plan

■ Cash allocation during the period of the Medium-term Business Plan 2022
(Reflecting the forecast for business performance, changes in investment plans, and revisions to capital policies)

cash in

- 5-year forecast of consolidated operating income during Medium-Term Business Plan 2022 Around ¥480.0 billion
  * the source for the base increase due to the inflation economy is factored
- Depreciation: ¥120.0 billion over 5 years
- Sale of cross-shareholdings (Less than 20% of consolidated net assets): ¥260.0 billion in current stock market price
- Use of leverage in real estate development business: ¥200.0 billion

cash out

- Income taxes
- Shareholder return
  - Annual dividend of DOE around 5%
  - Flexible shareholder returns in line with equity and profit
- Improved payment terms for subcontractors and suppliers
- Investment cash flow Around ¥420 billion

Breakdown of investment cash flows (Billions of yen)

Item	investment plan
Human resource-related investments	30.0
DX-related investments	90.0
Technology-related investments	100.0
Construction machinery and facilities	75.0
Real estate development business	300.0
Green energy business	60.0
M&A, capital tie-ups, VC, etc.	95.0
Investment plan	750.0
Deduction of amount not included in cash flows from investing activities	(190.0)
Recovery from the sale of assets in real estate development business	(140.0)
Amount to be included in cash flows from investing activities	420.0

MAKE BEYOND

May 2024 Announcement

Capital policy

Medium-Term Business Plan 2022: Performance indicator target of return on invested capital (ROIC) of 5% or more in the medium term to promote management that emphasizes capital efficiency

Addendum Performance indicator target of "return on equity (ROE) of 10% or more by FY2026" by setting the level of necessary equity at around 1 trillion yen and implementing a strategic capital policy

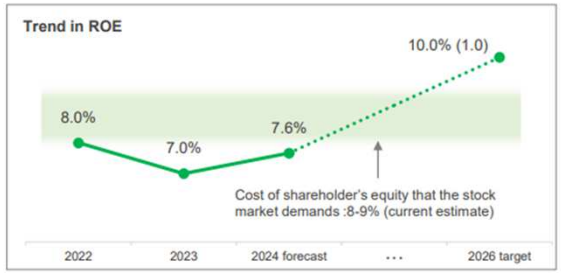
Sustained profit growth executing growth strategies → **Target of profit attributable to owners of parent: 100 billion yen**

Set the necessary equity level and strategic shareholder returns → **Necessary equity level: 1 trillion yen**

ROE target 10% or more > **Cost of shareholder's equity that the stock market demands: 8-9%** (Our estimate as of 2023)

Positive equity spread* by achieving ROE target
Equity spread = ROE – equity cost

- For annual dividends, the dividend on equity ratio (DOE) is raised from around 3% to around 5%
- In addition to the above, flexibly return profits to shareholders by means of special dividends, share buybacks, etc., depending on the amount of necessary equity and profit (based on a comprehensive assessment of the Group's profitability, financial condition, price-to-book ratio, and other factors). DOE in line with the medium- to long-term improvement trend in profit levels
- Review the DOE level in line with the medium- to long-term trend of improvement in profit levels



MAKE BEYOND | 13

● **Specifies the capital allocation policy for the medium-term period.**
(→Point II. 2)

Source: OBAYASHI CORPORATION, Addendum to Medium-Term Business Plan 2022 (March 13, 2024), page12-13
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住友林業

Efforts to Realize Management that is Mindful of Equity Cost and Share Prices

24

Verification of current status

- Recognition that Sumitomo Forestry's **shareholders' equity cost is about 7%.**
- ROE was 19.4% in FY12/22 and forecast to be 13.7% for FY12/23, **trending at a rate that is significantly higher than shareholders' equity cost.**
- PER has recently been improving to about 9.0x. However, in FY12/22 when the outlook for the US housing market was uncertain, it was 4.3x, moving at a lower rate than other companies in the same industry.
- PBR is currently about 1.0x. To achieve further improvements in corporate value, **we recognize that it is even more important to steadily implement and establish the medium- to long-term growth strategy.**

Policy

- Continue to aim toward achieving the targets set out in the Medium-Term Management Plan, which is positioned as the three-year period for realizing the Long-Term Vision and creating its foundation.
- Financial targets set out in the Medium-Term Management Plan – **ROE: 15% or higher in a stable manner, Consolidated recurring income: 173 billion yen, Capital adequacy ratio: 40% or higher, Net DE ratio: 0.7 or less, Investment plan: 300 billion yen (three-year total).**

Initiatives

- **Implementation of growth strategy for the US housing development business** while remaining mindful of controlling inventory risks and improving turnover rate.
- **Realization of initiatives that contribute toward the realization of a decarbonized society**, such as the creation of the Forestry Fund.
- **Investment in growth areas** while maintaining financial soundness, and **providing shareholder returns based on the stable dividend policy.**
- **Further pursuit of capital efficiency**, including reducing assets held and reducing cross-shareholdings, etc.
- **Introduction of executive remuneration system that is linked to market capitalization and sustainability indicators** (introduced in February 2022)
- **Further enhancement of opportunities for dialogue with the market**, such as by enhancing disclosure related to growth businesses

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Voice of Investors

Investors liked this company's proactive approach to its ROE target, which is significantly higher than its cost of capital, as well as its efforts to improve its market valuation. The strong commitment of the management team can be felt through the introduction of a compensation system for board members that is linked to the increase in corporate value.

- **The company provides disclosure of the their perceived level of cost of equity and the model/parameter settings used to calculate it (→Point I. 1)**

住友林業

ROE Exceeding Capital Costs

25

- ROE exceeds shareholders' equity cost, and equity spread is positive.
- Also selected for the JPX Prime 150 Index *Selected based on return on capital (equity spread criteria)

■ROE and shareholders' equity cost

Shareholders' equity cost (%) FY12/23

Risk-free rate		Beta (β) sensitivity		Risk premium		Shareholders' equity cost
Safe assets, risk-free interest rates *Set based on 10-year government bond yield	+	Risks specific to Sumitomo Forestry	×	Excess rate of return anticipated from equity investment *Set based on stock market returns in the past	=	7.00% Calculated from CAPM

■Toward achieving ROE 15% in a stable manner

Improve profitability	Improve profitability by improving value-added ratio in the US housing business, proposing raising the added value in the domestic housing business as well, etc.
Improve capital efficiency	Improve capital efficiency by controlling inventory in each business and acquiring carefully selected land through the US housing business.
Growth investment	While maintaining financial soundness, promote investment in growth areas that contribute to increasing corporate value sustainably, beginning with the field of decarbonization.

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Source: Sumitomo Forestry Co., Ltd., FY12/2023 — Second Quarter Financial Results and Full Year Forecast— (August 9, 2023), Page24-25
https://sfc.jp/english/ir/library/pdf/forecast2023_2q.pdf

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住友林業

Recent PBR of about 1.0x

26

- PER has remained low from FY12/20 till FY12/22 despite EPS growth, due to the uncertain outlook of the US housing market and other factors. However, it has been improving recently against the backdrop of the payout of stable dividends, enhancing disclosure related to growth businesses, and the recovery of the US single family homes business. PBR is also trending at about 1.0x.

■Trends in PER

■Trends in PBR

■Examples of initiatives to improve PER/PBR

- Maintain annual dividend per share for FY12/23 at 125 yen, the same level as in the previous year, although profits are forecast to decline year-on-year.
- Hold briefing sessions on the Global Housing, Construction and Real Estate segment (June 2022, June 2023), and increase the number of items in the disclosure of financial results with a focus on this Business (revision of Factbook in February 2022).

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- **Even though the profitability achieved exceeds the cost of equity, the status of indicators related to market valuation, such as PER and PBR, were also analyzed, and efforts to improve them were considered. (→Point I. 2)**

住友林業

Promote Investment in Growth Areas While Maintaining Financial Soundness

27

- The three-year investment plan set out in the Medium-Term Management Plan is a cumulative amount of about 300 billion yen. We will also continue to promote the acquisition of real estate for sale separately from the investment plan, promote businesses set out in the Long-Term Vision, and invest actively for expansion.

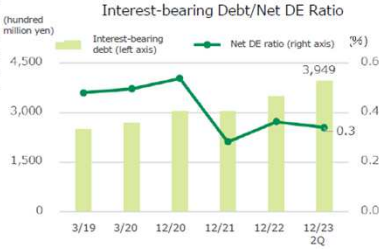
(billion yen)

Breakdown			FY12/22 Full year results	FY12/23 First half results	Total	Three-Year Medium-Term Plan	Progress
Major decarbonization-related investments	Timber industrial complex investments		0.4	0.0	0.4	20	2%
	Overseas wooden non-residential construction investments		3.6	3.8	7.5	30	25%
	Forestry Fund-related investments		0.2	0.1	0.4	12	3%
Investments and loans other than the above, by segment	Timber and Building Materials	Manufacturing business investments, etc.	3.9	1.3	5.2	35	15%
	Global Housing, Construction, and Real Estate	Overseas real estate, land development, etc.	42.9	25.0	67.8	130	52%
	Housing	Model homes, offices, etc.	6.4	2.5	8.9	25	36%
	Environment and Resources	Renewable energy/forestry/afforestation investments, etc.	3.1	0.8	3.9	30	13%
	Other	System investments (DX promotion, etc.), etc.	2.1	2.5	4.6	15	31%
Total			62.6	36.0	98.7	297	33%

*Reposted from p.13

Total Assets/Capital Adequacy Ratio

Interest-bearing Debt/Net DE Ratio



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- **Active investment to promote and expand businesses set forth in the long-term vision (→Point II. 2)**

Source: Sumitomo Forestry Co., Ltd., FY12/2023 — Second Quarter Financial Results and Full Year Forecast— (August 9, 2023), Page26-27
https://sfc.jp/english/ir/library/pdf/forecast2023_2q.pdf

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住友林業

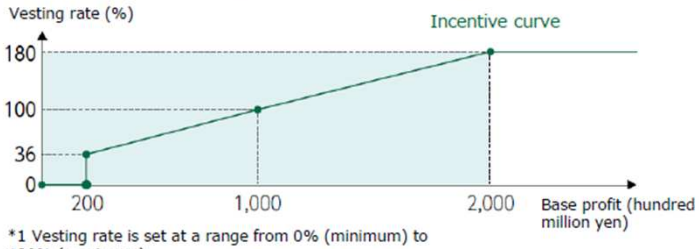
Executive Remuneration System Linked to Enhancing Corporate Value 28

- In conjunction with the formulation of the Long-Term Vision and Medium-Term Management Plan, the executive remuneration system was reviewed (for FY12/22 and beyond) at the Board of Directors' meeting convened on February 14, 2022. System design is based on the following policy.

- To create a system that is closely linked to improving not only short-term financial results, but also medium- to long-term financial results and corporate value.
- To create a system that is linked to newly created and provided value, alongside the promotion of management that is integrated with ESG.
- To create a system that is mindful of linkage with Sumitomo Forestry's shareholder values.
- To set a remuneration standard that can secure and retain the human resources needed for the achievement of the Long-Term Vision.
- To create a system that secures transparency and objectivity in the process of determining remuneration.

Composition ratio of Directors' remuneration
(illustration in the case where standard profit is 100 billion yen)

Calculation formula for annual performance-based bonuses
Amount of bonus = Standard position-based bonus x Vesting rate *1



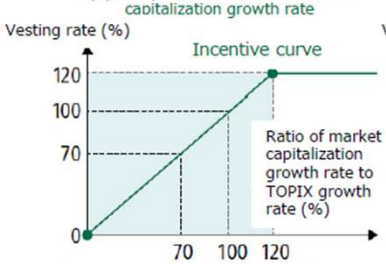
*1 Vesting rate is set at a range from 0% (minimum) to 180% (maximum).

Calculation formula for performance-based restricted stock compensation

(1) Amount equivalent to two-thirds of the position-based standard stock compensation amount x Vesting rate *2 (Sumitomo Forestry's market capitalization growth rate during the Medium-Term Management Plan period/TOPIX growth rate during the same period)

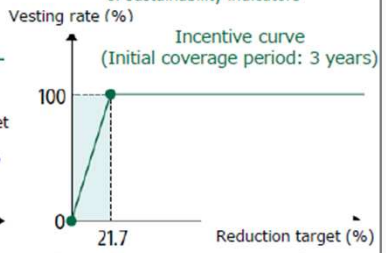
(2) Amount equivalent to one-third of the position-based standard stock compensation amount x Vesting rate *3 (Attainment rate of Medium-Term Management Plan targets to reduce greenhouse gas emissions based on SBT)

(1) Compensation linked to market capitalization growth rate



*2 Vesting rate is set to a range from 0% (minimum) to 120% (maximum)

(2) Compensation linked to attainment rate of sustainability indicators



*3 Vesting rate is set to a range from 0% (minimum) to 100% (maximum)

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- **The company introduced a management compensation system with restriction on transfer of shares based on the degree of stock price growth and the rate of achievement of sustainability indicators to make the compensation system highly linked to mid- to long-term business performance and improvement of corporate value. (→Point II. 4)**

Source: Sumitomo Forestry Co., Ltd., FY12/2023 — Second Quarter Financial Results and Full Year Forecast— (August 9, 2023), Page28
https://sfc.jp/english/ir/library/pdf/forecast2023_2q.pdf

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Sojitz Corporation（2768）

New!

TOPIX Mid400

Wholesale Trade

JPX

Voice of Investors

The company holds regular small meetings between outside directors and institutional investors, and the management takes a proactive stance towards dialogue with investors.

- With the **aim of achieving highly constructive dialogue from an objective perspective**, the company will **continue to hold dialogues (small meetings, etc.) between outside directors and institutional investors, and publish the content on their website**. **(→Point III. 1)**

Dialogues Between Outside Directors and Institutional Investors

Home > Investor Relations > IR Events > **Dialogues Between Outside Directors and Institutional Investors**

Sojitz maintains a basic policy of engaging in constructive dialogue with shareholders. Sojitz continues to provide shareholders with appropriate and timely information on management policies and initiatives to achieve sustained growth and increase corporate value over the medium to long term. Shareholders' opinions are then reported to upper management and reflected in management decisions.

As one facet of these efforts, Sojitz holds small meetings as forums for dialogue between outside directors and institutional investors. The purpose of these meetings is to allow for discussions from an objective standpoint to take place in order to gain the understanding of investors.

Small Meeting Held on March 4, 2024

Sojitz held a small meeting at our headquarters with 11 individuals from 11 institutional investors (including one online participant), and our 5 outside directors. Lively discussions took place regarding the transition to Company with Audit and Supervisory Committee, the appointment of a new president, and a review of the Medium-Term Management Plan 2023, and the carryover issues to the Medium-Term Management Plan 2026.

Condensed Transcript of Q&A Session at Small Meeting (March 4, 2024)

[Sojitz Representatives]
Norio Otsuka, Outside Director
Naoko Saiki, Outside Director
Ungyong Shu, Outside Director
Haruko Kokue, Outside Director
Tsuyoshi Kameoka, Outside Director

Facilitator: Yumie Endo, Executive Officer, COO of the IR Office, Corporate Sustainability Department
Moderator: Atsuhiko Tsukamoto, General Manager of IR Office

Q&A Session

1. Regarding the Medium-term Management Plan 2023

Q: About the quality and composition of profits. Profit targets have been met, but does the composition differ from original expectations?

Otsuka:
As you pointed out, while we have achieved our profit targets and surpassed our initial plans, it is undeniable that favorable market conditions and exchange rates have helped. When looking at the details, there are still areas that are lacking. We have gained the ability to earn profits even in non-resource sectors, but we cannot say that we have achieved profits as planned. This should be a field we continue to actively pursue in our next medium-term management plan.

Shu:
We have been executing strategies to strengthen our initiatives in non-resource areas and focusing on business investments, rather than relying on resources. Regarding business investments, we have been able to appropriately engage in suitable projects, but the challenge remains that these investments have not fully translated into sufficient results. At the stage of deciding on investments, I often feel confident that we are ensuring economic rationality. On the other hand, there is room for improvement in dealing with cases where performance does not meet expectations due to environmental changes. Under Medium-term Management Plan 2026, we face the challenge of finding ways to deepen the pool of management talent capable of managing the businesses we invest in to ensure value enhancement.

Kameoka:
It is true that the impact of the coal business is significant, but unlike other companies, our company owns coal mines and carries out operations, and business viability is solid. We conduct mining efficiently with DX (digital transformation) technologies.

Saiki:
I started as a corporate advisor in the spring of 2019 and have been serving as an outside director since 2020. At that time, the net profit for the period was around 70 billion yen, just returning to pre-financial crisis levels. I remember President Fujimoto communicating in various meetings that every employee should carefully consider what needed to be done to achieve a net profit of 100 billion yen. Overcoming the COVID-19 crisis, we achieved a net profit of 111.2 billion yen in 2023. Although affected by market conditions and exchange rates, we

Source: Sojitz Corporation, Dialogues Between Outside Directors and Institutional Investors
https://www.sojitz.com/en/ir/meetings/outside/

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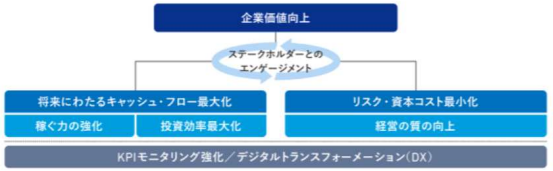
三井化学グループの統合思考経営

三井化学グループの企業価値向上チャート

当社グループの財務・非財務を統合した経営戦略や取り組みが、企業価値向上につながる道筋を企業価値向上チャートとして整理しています。ここでは、当社グループの企業価値向上に向けたロジックをご説明いたします。



当社グループは、1997年に制定した経営ビジョン(企業グループ理念、目指すべき企業グループ像)のもと、内外の環境変化を的確に捉えた2030年のありたい姿を定義しています。また、経営ビジョンとマテリアリティを組み込んだ、ありたい姿実現のための長期経営計画「VISION 2030」においては、5つの基本戦略を掲げて取り組みを推進しています。

基本戦略の一丁目一番地である「事業ポートフォリオ変革の追求」の実現のため、「ソリューション型ビジネスモデルの構築」「サーキュラーエコノミーへの対応強化」、またこれら戦略実行のドライバーであり、持続的成長を支える基盤となる「DXを通じた企業変革」「経営基盤・事業基盤の変革加速」の5つの基本戦略の着実な実行により、企業価値向上を目指します。

企業価値向上チャートでは、財務・非財務を統合した経営戦略であるVISION 2030 の5つの基本戦略が当社グループの企業価値向上につながる道筋を整理しています。

また、企業価値向上の実現にあたっては、SDGs等で示されているグローバルなESG課題に対してビジネス機会を模索し、事業活動を通じた課題解決を図り、当社グループの将来リスクを認識し、企業としての社会的責任を果たすことを目指した非財務の取り組みが財務目標の達成に貢献するための財務・非財務を統合した経営システムを着実に回し、当社グループの持続可能な発展を目指します。

▶▶ P.19 三井化学グループの価値観 ▶▶ P.21 マテリアリティ ▶▶ P.26 長期経営計画「VISION 2030」

「財務・非財務の統合」志向

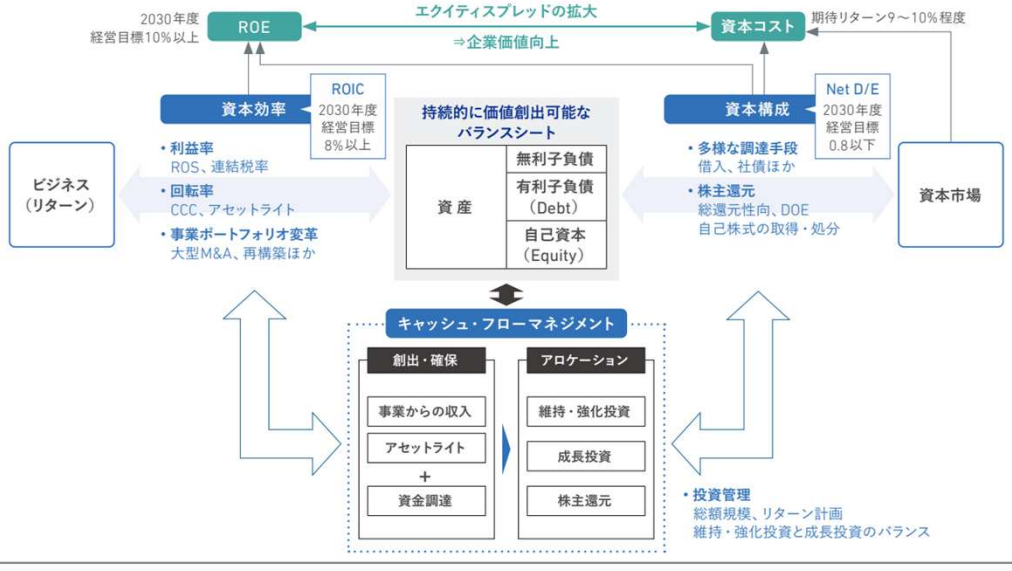
- 非財務は……財務の基盤である ：「事業継続の前提となる課題」に対応し、 信頼を醸成する
- 非財務は……将来の財務である ：「事業継続に不可欠な能力」を向上し、 成長を加速する
- 非財務と財務は……相互に関与している：「持続可能な社会への貢献」を通じ、 利益を最大化する

Voice of Investors

The company has been steadily implementing structural reforms, such as reviewing its business portfolio, and the initiatives it has set out are convincing. In addition, the management team and outside directors are actively engaging in dialogue with investors, and the content of these discussions is presented in the integrated report, etc., and the company's stance of actively incorporating the opinions of investors and other stakeholders into its management is commendable.

- **Logically explains how management strategies and initiatives that integrate financial and non-financial factors lead to increased corporate value. (→Point II. 5)**

財務戦略



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

Source: Mitsuii Chemicals, MITSUI CHEMICALS REPORT 2024 (September 30, 2024), page5,40
https://jp.mitsuichemicals.com/content/dam/mitsuichemicals/sites/mci/documents/ir/ar/ar24_all_web_jp.pdf.coredownload.inline.pdf

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- **Classifies businesses based on segment-specific ROIC and profit growth, and uses this as a basis for promoting portfolio reform. (→Point II. 2)**

事業ポートフォリオ変革に向けた戦略

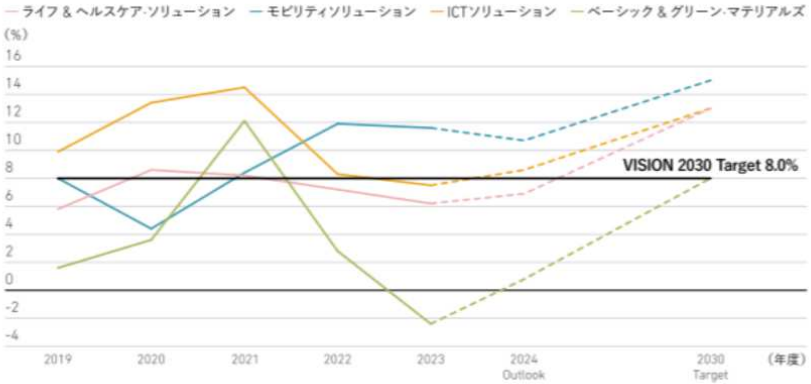
全社戦略

VISION 2030の基本戦略のもと、当社グループはROICを取り入れた経営管理を行っています。

成長領域である「ライフ&ヘルスケア・ソリューション」「モビリティソリューション」「ICTソリューション」、およびベーシック&グリーン・マテリアルズの高機能製品群への積極的な資源投下を行い、事業ポートフォリオ変革を加速するとともに、ROICと利益成長に基づく事業分類をベースに戦略討議を行い、事業再構築を加速することでボラティリティのさらなる低減を目指します。

2030年のコア営業利益2,500億円の達成のため、財務・非財務の両面から各事業におけるROICの向上に向け取り組んでいきます。

セグメント別のROIC推移



主な投資案件の状況

- **ライフ&ヘルスケア・ソリューション**
  ドライバーであるビジョンケア材料のグローバルに成長する高屈折需要に的確に対応するため、大牟田工場においてメガネレンズモノマーの能力増強を行い、2024年1月より稼働しています。
- **モビリティソリューション**
  太陽電池封止材用途等高付加価値製品のさらなる成長需要獲得を目指し、シンガポールにおいてタフマー®プラントを新設し、2024年度中の稼働を予定しています。
- **ICTソリューション**
  半導体・実装プロセス革新に向けた新事業・新製品を創出、材料開発強化、市場競争力の強化・維持のため、半導体パッケージ基板技術を持つ企業への出資を意思決定しています。
- **ベーシック&グリーン・マテリアルズ**
  ダウンフロー強化のため、韓国において高機能MDIの能力増強を行うとともに、岩国・大竹工場における、PTAおよびPETの生産停止により最適化・再構築を推進しています。

	主な投資案件	時期	能力	2022年度	2023年度	2024年度	2025年度以降
ライフ&ヘルスケア・ソリューション	メガネレンズ加工機器メーカー買収	2022年11月	—				
	不織布事業JV設立(日本)	2023年10月	—				
	メガネレンズモノマー能力増強(日本)	2024年1月	—				
モビリティソリューション	タフマー®新設(シンガポール)	2024年度	120KT				
ICTソリューション	アベル®新プラント(日本)	2022年6月	+50%				
	ペリクル事業買収	2023年7月	—				
	イクロステープ™能力増強(台湾)	2024年6月	380万㎡				
	三井化学東セロ(株)の株式分割および一部株式譲渡	2024年4月	—				
	ポリウレタンディスパージョン(PUD)能力増強(日本)	2025年6月	+100%				
	特殊イソシアネートXDI能力増強(日本)	2025年9月	+20%				
	次世代EUV露光用CNTペリクル生産設備(日本)	2025年12月	5千枚				
	半導体実装領域における材料開発強化に向けた出資	2024年度	—				
ベーシック&グリーン・マテリアルズ	錦湖三井化学社のMDI能力増強(韓国)	2024年7月	200KT				
	高機能PP新設備(日本)	2024年度	200KT				
	バイオマス原料調達拡大に向けた出資	2022年6月	—				
	PPG生産におけるLLP設立	2023年5月	—				

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

Source: Mitsuii Chemicals, MITSUI CHEMICALS REPORT 2024 (September 30, 2024), page69
https://jp.mitsuichemicals.com/content/dam/mitsuichemicals/sites/mci/documents/ir/ar/ar24_all_web_jp.pdf.coredownload.inline.pdf

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三井化学レポート2024 3つのポイント

❶ 技術革新を通じた社会課題解決、未来に向けた挑戦の訴求

第一世代の石炭化学から第二世代の石油化学、そして今グリーンケミカルへの大変革期を迎える当社グループの技術革新を通じた変革と挑戦の軌跡を、国内外の情勢や環境変化とともに掲載	▸▸ P.11 特集 技術革新を通じた社会課題解決 変革と挑戦の軌跡
現在の主要製品の起源となっている100年以上の歴史を通して培った技術を、0→1：機能を「形」にする技術、1→100：設計した物質・材料を量産する技術、100→100：資源を循環する技術、の3つのカテゴリーで表現	▸▸ P.13 特集 技術革新を通じた社会課題解決 変革と挑戦の成果
ナフサクラッカーを起点とするバリューチェーンが生み出す価値をPRODUCT TREEで表現	▸▸ P.14 特集 技術革新を通じた社会課題解決 バリューチェーンが生み出す価値
素材提供にとどまらない課題解決型ソリューションの提供に向けた戦略や、社外ステークホルダーの皆様からの要望も多かったR&D・知的財産戦略の開示を拡充し、未来に向けた挑戦への取り組みを掲載	▸▸ P.50 ソリューション型ビジネスモデル ▸▸ P.71 ポートフォリオ変革を加速するR&D・知的財産戦略

❷ 長期経営計画 VISION 2030スタートから3年間の振り返り

レポート全体を通して、VISION 2030スタートからの3年間を振り返り、当該期間の取り組みと成果、認識している課題、振り返りを踏まえた今後の戦略などについて掲載。より儲かるための稼ぐ力の強化に向けた戦略を訴求

❸ ステークホルダーの皆様と経営陣との対話の深化

ステークホルダーの皆様と経営陣との対話を通じ、幅広い視点・意見を経営に活かすとともに、ステークホルダーの皆様とのさらなるエンゲージメント向上を目指す	▸▸ P.15 CEO×有識者対談 ▸▸ P.30 新旧CSO×アナリスト鼎談 ▸▸ P.77 CTO×投資家対談 ▸▸ P.90 社外取締役×投資家座談会

- To utilize the broad perspectives and opinions of stakeholders in management and improve engagement, **the company conducted discussions and roundtable meetings between management, outside directors, and investors, and the content of these is disclosed in the integrated report. (→Point III. 1)**

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

Source: Mitsuii Chemicals, MITSUI CHEMICALS REPORT 2024 (September 30, 2024), page2 (Red frames added by TSE)
https://jp.mitsuichemicals.com/content/dam/mitsuichemicals/sites/mci/documents/ir/ar/ar24_all_web_jp.pdf.coredownload.inline.pdf

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Trend Micro Incorporated (4704)

Voice of Investors

Conducting a survey of investors about cost of capital is a good initiative from the perspective of understanding investor expectations.

- With regard to cost of capital, **the company conducts a survey of analysts and institutional investors at their quarterly earnings briefings. (→Point I. 1)**

With regard to our cost of capital, we strive to understand not only the figures calculated based on generally accepted calculation methods, but also the actual cost of capital demanded by external parties. For this purpose, we conduct a questionnaire survey of securities analysts and institutional investors at the financial results briefing held each quarter. Based on the results of the survey and the figures applied in analyst reports issued by securities firms, we currently estimate that the cost of capital demanded of us is around 7% to 8%.

On the other hand, return on equity (ROE) for FY2023, our most recent fiscal year, was 4.9%. This is a significant deterioration from the previous five-year average of 15.5% (maximum 18.9%, minimum 13.4%), which had consistently exceeded the cost of capital until FY2022, the previous fiscal year. The main reasons for the decline in ROE in FY2023 were the large tax burden associated with the payment of dividends from subsidiaries to the parent company in order to implement the large shareholder return described below, and the extraordinary loss from restructuring costs to improve profitability going forward, which put pressure on profits. Both of these are one-time factors.

We expect ROE in FY2024 to improve significantly over the previous year, and we also expect a large improvement over the FY2023 results due to the 100.1billion yen year-end dividend for FY2023, including a special dividend, and a 40.0 billion yen share buyback to streamline shareholders' equity by using cash reserves to buy back shares, to again exceed the cost of capital. Although ROE deteriorated, P/B ratio was 4.83 times, well above 1x based on the closing price of the Company's stock at the end of FY2023, and PER (price to earnings ratio) was 96.21 times. P/B ratio has been consistently above 1x, not only in the most recent fiscal year. Based on the above, we recognize that the Company is adequately valued from the P/B ratio point of view, and have not set any special improvement measures or targets to significantly improve the P/B ratio from the current level. Despite this recognition of the current situation, we are conscious of further improving the efficiency of shareholders' equity.

First, we intend to return profits to shareholders through a year-end dividend for the fiscal year ending December 31, 2023 (target: 100 billion yen), which will consist of ordinary and special dividends, and a share buyback during the fiscal year ending December 31, 2024 (target: 40 billion yen). This policy is expected to reduce the level of cash held by the Group and significantly improve the efficiency of shareholders' equity.

Second, our basic policy for shareholder returns for the fiscal year ending December 31, 2024 (payment in 2025) and beyond is to fully return net income generated from investments necessary for business growth through year-end dividends and share repurchases in the following fiscal year, without retaining any retained earnings. Since cash will continue to increase above the minimum required amount even after the substantial shareholder return in 2024, we will prioritize improving capital efficiency through shareholder returns and M&A.

Source: Trend Micro Incorporated, Corporate Governance Report (April 3, 2024), Page24-25（Red frame added by TSE）
https://www.trendmicro.com/en_us/about/investor-relations/corporate-governance.html?modal=ir-corporate-governance-report-4-224pdf

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Dialogue between Outside Directors and Investors

Konica Minolta			Institutional Investors		
Akiko Murayama (Facilitator)	**Soichiro Sakuma**	**Chikatomo Kenneth Hodo**	**Mr. Minoru Matsubara**	**Mr. Satoru Kubota**	**Ms. Madoka Minagoshi**
Senior Vice President & Executive Officer, Board of Directors Office, Responsible for the Corporate Audit	Outside Director, Chairperson of the Corporate Governance Committee	Outside Director, Chairperson of the Board of Directors	Responsible Investment Department, Resona Asset Management Co., Ltd.	Research & Management Department, Sumitomo Mitsui Trust Asset Management Co., Ltd.	Responsible Investment Research Department, Nomura Asset Management Co., Ltd.

Konica Minolta is committed to dialogues with its stakeholders to both solve social issues and achieve corporate growth. As part of this effort, this time we have invited three institutional investors to have a frank exchange of opinions with our Outside Directors and the Executive Officer in charge of the Board of Directors Office regarding the Company's growth strategy, structural reforms, sustainability management, governance, and other issues.

Toward Returning to a Growth Path

The first year of the Medium-term Business Plan achieved the planned targets and marked an inflection point from the past 10 years

Murayama: One year has passed since we started our Medium-term Business Plan (2023-2025). To begin, how would you rate your first year as an Outside Director?

Hodo: The medium-term business plans of the past 10 years were called "TRANSFORM 2016," "SHINKA 2019," and "DX2022," but the current plan has no title. This is because the starting point of the plan is a reflection on our failure to deliver the results of the previous medium-term business plans. The current plan, launched under the slogan, "Break from the past traditions," is a place we can reach if we all work hard together, even without the best possible conditions and with absorbing some potential downside risks that may emerge during the term. In fiscal 2023, its first year, we were able to achieve our initial target and return to profitability. We had not achieved our targets in the past, but this achievement marks an inflection point for us compared to the past 10 years.

Murayama: What initiatives do you plan to focus on in fiscal 2024?

Hodo: We will continue to complete business selection and concentration, which is a major theme of the Medium-term Business Plan. It is also important to implement global structural reforms, an additional measure announced at the Medium-term Business Plan progress briefing in April. The Board of Directors will monitor these reforms to ensure that they achieve their targets. Furthermore, with the next Medium-term Business Plan in mind, we intend to conduct a full-fledged discussion on the elements necessary to make the company profitable from innovation, from the perspective of corporate culture and intangible assets.

Kubota: As the goals of the current Medium-term Business Plan seem to mark a transition point, I would like to hear more about the next plan along with the implementation of this current plan. So, my question is regarding the future growth strategy. How do the Outside Directors evaluate Konica Minolta's "genre-top strategy"?

Sakuma: Being a genre-top is very good in itself, but it is important to be profitable. Some of our genre-top products, even though they have the top market share, have room for further improvement in profitability. I have had my concerns about this point since I became a board member and have raised the issue at board meetings.

- **Sets up a forum for outside directors, executive officers, and institutional investors to exchange opinions** on topics such as growth strategies, structural reform, sustainability management, and governance, **and the content of these discussions is disclosed in their integrated report.**
(→Point III. 1)

Voice of Investors

The company discloses details of improvements made based on feedback from dialogues with shareholders and investors, as well as details of dialogues between outside directors, executive officers and institutional investors, etc., conveying the message that the management is aiming to improve corporate value through two-way communication with the market.

Dialogue between Outside Directors and Investors

Kubota: From an outside perspective, I feel that the "genre-top strategy" may be similar to previous success stories. It may be difficult to change this strategy that has been at the core of Konica Minolta since its inception, but I hope that they will successfully update this.

Strengthening execution abilities and controlling the business from the perspective of overall optimization

Kubota: What issues do you think need to be addressed to ensure the implementation of the growth strategy?

Sakuma: I think we need to strengthen our execution abilities. We are one of the few companies in the world with superior technologies in both the mechanical and chemical fields. However, since we can do so many things with our technology, there is a danger that we end up -- as the saying goes, "Versatility never pays" -- with businesses that have problems in terms of profitability and future potential. Technological superiority is one thing, but whether it is profitable is quite another. Strong executive abilities are needed to control this in the right way.

Hodo: For the front line, I think this is an attractive company that can take on the challenge of new innovations, but I see that there is still some laxity in the decision-making process regarding whether or not to commercialize the business or to halt development.

Sakuma: One of the characteristics of our Company is that our business divisions are very strong, due in part to the fact that they were formed through the merger of companies with distinctive technologies and products, but another issue is that our corporate division is weak in its ability to control these divisions from the perspective of overall optimization through a horizontal skewering.

Murayama: Based on our recognition of these issues, in April 2024, we changed our executive structure to assign an Executive Officer to each of the three businesses of Business Technologies, Industry, and Imaging Solutions. Since each business unit promotes its business in an individually optimized manner, the Executive Officer responsible for Business Management acts as a liaison between each business unit and the corporate division to control the vector of the business toward overall optimization.

Sakuma: In addition, to strengthen executive abilities, we need to have some "naysayers." Sometimes policies and requests from business units need to be rejected out of hand without mercy. I feel that there are still not enough people in our Company who can play the naysayer, and I have pointed this out to the executive side.

Kubota: Normally, the CFO would play that role. Even if the CFO is disliked or feared by the various business units, he or she is in a position to take a hard look at the Company from a numerical standpoint.

Sakuma: Of course, CFOs need to take on the role of the naysayer at a high level of management. However, there are various decision-making processes that take place even before a proposal is brought up at a board or management meeting, so we need people other than CFOs who are willing to be the naysayer at each milestone and give tough criticisms. I believe that we need to develop more human capital to be like this.

Updating investment criteria and monitoring mechanisms based on lessons learned from the past

Minagoshi: On that note, has your Company updated its investment criteria and monitoring system based on past experiences with large investments?

Hodo: Yes. To avoid making the same mistakes as in the past, we have revised our investment evaluation rules, tightened the investment decision and survival/exit consideration process, and established criteria for such decisions. In past decision-making for major investments, I believe too much emphasis was placed on executives' conviction that certain areas are going to grow in the future. Based on these lessons learned, we have updated our investment decision-making and monitoring mechanisms.

Sakuma: During the four years since I became a Director, we have not had the opportunity to make any major investments, but we should be seeing some major investment projects in the future as we work to establish a foundation for growth in fiscal 2025 and beyond. Not all investments will necessarily be successful, but even if they do not go according to plan, we will be prepared to make stricter investment decisions so that we do not have to record a major impairment loss. We will also prepare a plan B in advance, for example, in order to be prepared for grounded decision-making.

Promoting the transformation of Konica Minolta from a medium- to long-term perspective

Matsubara: From what you have told us, I see that your Company is aware of the current issues and is working on various management reforms. What is the time frame for the Board of Directors to move forward with these efforts?

Hodo: Structural reform, growth strategies, and the transformation of intangible assets and corporate culture to support growth are the major agenda items for the Board of Directors in fiscal 2024, but each have different time frames for their implementation. As for structural reform, we plan to complete them during the year. Of course, we do not want this to be a one-time effort, so for example, regarding productivity improvement, we would like to achieve the target KPI and at the same time incorporate a system that will allow the front lines to continue making improvements and reforms on their own, which we will monitor as the Board of Directors. Meanwhile, we are discussing growth strategies, including the next Medium-term Business Plan, looking three to five years ahead. Furthermore, we believe that we need to work on a time horizon of five to ten years in order to transform our intangible assets and corporate culture.

Matsubara: How do you evaluate the speed of Konica Minolta's management?

Hodo: Even among the Outside Directors, there are many who say that it is a bit slow.

Sakuma: Nevertheless, I feel that the speed of execution has improved considerably recently, as evidenced by the prompt execution of the sale of Invicro, LLC in the U.S. and the fulfillment of commitments, despite the challenging environment.

Source: KONICA MINOLTA,INC., Integrated Report2024, page21-22
https://www.konicaminolta.com/shared/changeable/investors/include/ir_library/ar/ar2024/pdf/konica_minolta_ar2024_e.pdf

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- Regarding the results of dialogue with shareholders and investors, **in addition to the number of times the meetings were held and the participation of management, the main opinions and requests from investors and the improvement measures taken in response to these are disclosed. (→Point III. 3)**

Dialogue with Shareholders and Investors

Konica Minolta believes that maximizing corporate value through two-way dialogue with the capital markets is the key to meeting the expectations of shareholders and investors. Therefore, in accordance with the principle of "disclose corporate information in a timely and fair manner" set forth in the Konica Minolta Group Charter of Corporate Behavior, Konica Minolta strives to ensure that the activities of the entire Group are properly understood through proactive investor relations (IR) activities. We hold quarterly financial results briefing sessions for securities analysts, institutional investors, and individual investors, and are further enhancing our information dissemination tools, including news releases. In addition to responding to individual interviews and meetings for follow-up as needed, top management visits to investors are also conducted. We also actively participate in conferences hosted by securities firms in Japan and overseas to engage in direct communication with investors.

In recent years, we have also held briefings for investors on the theme of sustainability management in light of the rapid expansion of ESG investment, which takes into account not only financial information but also ESG activities in investment decision-making.

Opinions and suggestions from stakeholders obtained through these activities are shared with top management as appropriate and fed back to the Board of Directors and management meetings to improve management. We also provide feedback to all employees on the opinions of the capital market through "CEO LIVE!" an internal financial results briefing, and other means to raise their awareness and encourage them to take actions to enhance corporate value (see page 14).

Ranked No. 1 overall in the 2023 Gomez IR Site Rankings

Awarded for Excellence in Daiwa's "2023 Internet IR Award"

Dialogue with Shareholders and Investors

Actual dialogue with investors (FY2023)

Investor interviews	160 times
of which Management attended	President: 23 times Officer: 59 times
Small meetings with the President	2 times
Small meetings with the Chairperson of the Board	1 time
Industry Business small meetings	1 time
Conferences and visits (in and outside Japan)	9 times (75 companies total)
Domestic shareholder engagement meetings	7 companies

IR Information Meetings Held (FY2023)

Konica Minolta Day (In-person & online)	2 times Approx. 50 participants
Industry Business Briefings (Factory visit & online)	1 time Approx. 80 participants
Briefings for Individual Investors (Online)	2 times Approx. 500 participants

For more details: **IR briefings**
https://www.konicaminolta.com/global-en/investors/event/other_events/index.html

Major Comments and Requests from Shareholders and Investors

- **Basic policies and measures of the Medium-term Business Plan**
  The direction and policies are strongly supported. Requests for speedier implementation of measures such as business selection and concentration.
- **ROE**
  Requests for an early improvement of ROE to 5% or more
- **Sustainability Management**
  Requests for confirmation of the linkage between ESG initiatives and the creation of business value
- **Financial results briefings, etc.**
  The amount of information in the materials is excessive and difficult to understand.
- **Contents of Integrated Report**
  Desire to learn more about human capitals active in the field, examples of value co-creation with customers, etc.

Internal feedback

Major Feedback Opportunities (FY2023)

Opportunities	Frequency
Reporting the opinions received at meetings with investors and securities analysts at management meetings	Before and after financial results for each quarter and on each time
Report on market reaction to the Board of Directors	
Share investor and analyst feedback with employees at internal financial results briefings	
Summaries and feedback from conferences and investor visits reported to the Board of Directors, management meetings, etc.	

Major improvement actions in response to shareholder and investor feedback

- In response to requests for improved profitability as early as possible, we discussed and formulated an action plan to implement measures such as business selection and concentration and "global structural reform" in fiscal 2024.
- Sustainability briefings, business briefings, etc., to provide examples of business initiatives that solve social issues
- Reduced the number of words in financial results presentation materials, etc., and revised them into a form that can be understood visually in a short time by using graphs and diagrams.
- Improved Integrated Report contents
  (see page 2 "Editorial Policy" for details.)

Source: KONICA MINOLTA,INC., Integrated Report2024, page71
https://www.konicaminolta.com/shared/changeable/investors/include/ir_library/ar/ar2024/pdf/konica_minolta_ar2024_e.pdf

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Voice of Investors

Following TSE's request, the company quickly disclosed its current analysis and future direction, continued to deepen its discussions, and then revised its ROE and ROIC targets upward. The company also showed a sincere approach to improving capital efficiency through business structure reform.

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

- **After the initial disclosure, the company continued to deepen the discussion, raised the target setting for ROE, ROI, etc., and improved upon the initiatives to achieve them, then disclosed those efforts in an easy-to-understand manner. (→Point III. 4)**

【資本コストや株価を意識した経営の実現に向けた対応【英文開示有り】】
当社は資本コストや株価を意識した経営の実現に向けた対応として、2023年5月9日公表の2022年度決算説明資料(P27～31．市場評価、資本コスト、資収益性等について)において、当社の市場評価、資本収益性、資本コストと今後の取組み等につき開示しました。
https://ssl4.eir-parts.net/doc/5019/ir_material_for_fiscal_ym12/148548/00.pdfこの中で、2022年度に公表しました2023～2025年度中期経営計画に基づき事業構造改革に取組むことで、ROIC7%の実現、PBR改善に向けた資本効率改善を進めることに加えて、市場で期待されるリターン水準などを踏まえ、ROE目標の上方修正についても今後議論していくこととしておりました。

上記開示内容を踏まえ、更に議論を深めた結果として、2023年11月14日公表の2023年度第2四半期決算説明資料(P3～10.企業価値・株式価値向上への取り組み-資本コストや株価を意識した経営の実現に向けた対応-)において、企業価値・株式価値の向上に向けた考え方として、2025年度のROE目標を従来の「8%」から「10%以上」に上方修正するとともに、資本コスト低減に取り組み、早期にPBR1.0倍超を目指す方針等につき開示しました。
https://ssl4.eir-parts.net/doc/5019/ir_material_for_fiscal_ym12/148550/00.pdf
この中で、株主還元の充実として、32円(株式分割前160円)への増配及び下限設定、自己株式取得の機動的実施や中長期的な資本コスト引き下げに向けた取り組みに加え、株主・投資家層拡大とコミュニケーション強化策等について説明しています。

更に2024年5月14日公表の2023年度決算説明資料(P3～19.企業価値・株式価値向上への取り組み-資本コストや株価を意識した経営の実現に向けた対応)において、2025年度に向けた取組みの総括として、既存事業における資本効率の更なる向上、キャッシュアロケーションの再構成を軸とした具体策を開示しました。この中で、2025年度ROIC目標(既存事業)を従来の5%から7%へ見直した他、25年度の営業＋持分利益目標を従来の1,900億円から2,300億円に上方修正しました。
また、財務構成見直し・自己資本の適正化を目的として株主還元方針に加えて1,000億円の自己株式を取得する方針を新たに決定しました。
以上の具体的取り組みを通じて2025年度ROE10%および早期のPBR1.0倍達成を目指します。
https://ssl4.eir-parts.net/doc/5019/ir_material_for_fiscal_ym12/156080/00.pdf

Source: Idemitsu Kosan Co.,Ltd, Corporate Governance Report (July 1, 2024), Page7-8 （Red frame added by TSE） https://www2.jpx.co.jp/disc/50190/100920240701541928.html

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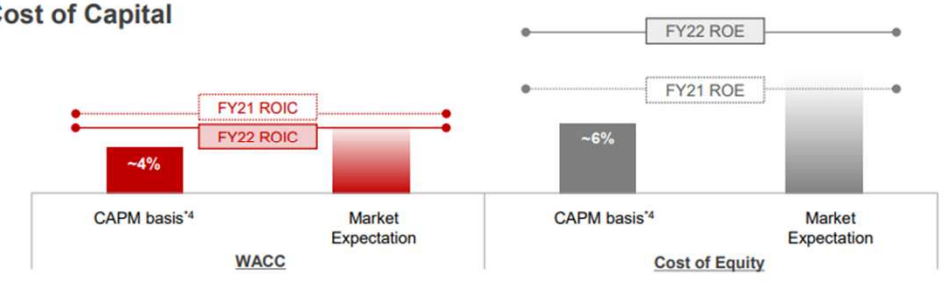
May 2023 announcement

Return on capital, cost of capital and Our Strategy

■ **Return on Capital**

	FY21	FY22	FY23 Forecast	FY25 Target*1	FY30 Target*1
ROIC*2	6.8%	5.9%	4.6%	5.0%	7.0%
ROE*3	9.2%	14.2%	7.4%	8.0%	10.0%

■ **Cost of Capital**



✓ Recent return on capital has exceeded CAPM-based cost of capital. However, there may be a discrepancy between our cost of capital and the market's expected return

✓ **Pursuing 7% ROIC and improved capital efficiency aimed at improving PBR through business structure reforms towards 2030 based on the new medium-term plan starting April 2023 and considering an upward revision of ROE targets**

✓ We will continue to engage in active dialogue with the capital markets and reflect their opinions in our enterprise value creation efforts

*1 Targets: Targets in the medium-term plan announced in Nov. 2022
*2 ROIC: (Post-tax operating income excluding inventory impact + equity income)/ (shareholders' equity + interest-bearing debt)
*3 ROE: Net income excluding inventory impact / shareholders' equity
*4 CAPM basis: cost of bearing-interest debt (0.7% after tax), cost of equity(risk-free rate 0.23% for 10-year government bonds, market risk premium for 6.0%, β 0.99

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- In May 2023, the company presented its **recognition that there is a divergence between the cost of capital based on CAPM and market expectations for returns, and announced that it would consider revising its ROE target upward. (→ Point I. 1)**

November 2023 announcement

Upward Revision of the FY25 ROE Target

■ **FY25 ROE target:**

At the medium-term plan announcement (11/2022)	Current revision
8.0%	≥10%

■ **Reason for the upward revision**

✓ **Considering both necessity for further improvement of return on capital from existing businesses and the cost of capital expected by the market; ROE ≥ 10% must be achieved**

■ **Direction of efforts aimed at achieving "ROE ≥ 10%":**

1. **Further enhance earnings and capital efficiency from existing businesses**
   - **Petroleum: Increase capacity utilization at refineries, increase earnings from overseas, reduce capital investments, etc.**
   - **Functional materials: Leverage M&A, etc. to expand growing businesses**
   - **Businesses facing challenges: Achieve stable profits of NSRP and power/renewable energy segment**
2. **Implement capital/financial strategy to enhance profitability**
   - **Pursue optimal financing balance, taking business risk, credit ratings, return on capital, etc.**
   - **Improve shareholder returns (next slide)**

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- **ROE target upward revision announced in May 2023 has been implemented. Based on the level of market expectations for returns, the ROE target level** has been **raised from 8% to 10% or more. (→Point III. 4)**

Source: Idemitsu Kosan Co.,Ltd
(Left) Presentation on Results for FY2022 (May 9, 2023), page29 (Red frame added by TSE)
https://ssl4.eir-parts.net/doc/5019/tdnet/2270743/00.pdf
(Right) Presentation on Results for the 2nd Quarter FY2023 (November 14, 2023), Page5
https://ssl4.eir-parts.net/doc/5019/tdnet/2362973/00.pdf

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To Improve Corporate Value and Equity Value

FY25 ROE target revised upward to "≥ 10%"
Reduce cost of capital to rapidly achieve PBR ≥ 1.0

Further accelerate medium-term plan initiatives

Business strategy

- **Promote structural reforms**
  - Further enhance earnings from existing businesses and capital efficiency
  - Transform business and reduce GHG through expansion of new businesses

Capital/financial strategy

- **Promote capital/ financial strategy to enhance return on capital**
- **Enhance shareholder returns**

Expand the shareholder/investor base and improve communication

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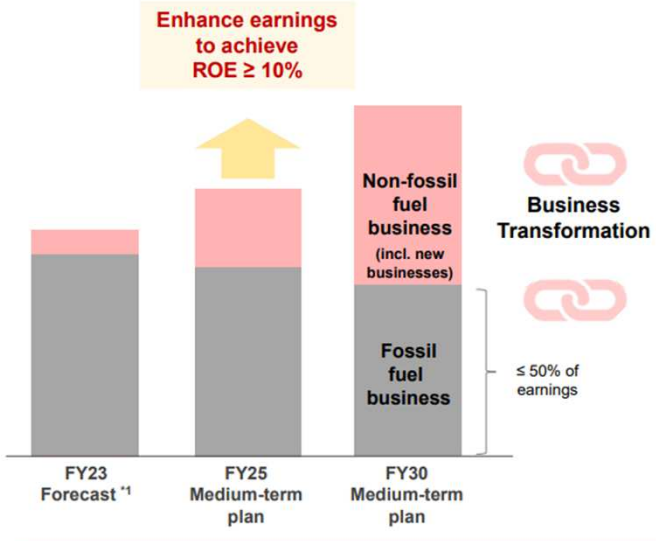
November 2023 announcement

Reduce Cost of Capital through Business Transformation



Business Transformation

Transition to decarbonized businesses
Achieve GHG reduction targets
Convert "quality" of profits

Transition to growing businesses
Expand new businesses
Leverage M&A

Change in the earning structure
Reduce earnings volatility from market fluctuations

Achieve carbon neutrality, profit growth, and a stable earning structure through business transformation while also pursuing lower cost of capital

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*1: FY23 forecast is adjusted by applying market assumptions for coal prices, etc. set forth in the medium-term plan

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- The company is working to **reduce their cost of capital** through **conversion of their business portfolio** to **decarbonization and growth businesses, and conversion of their profit structure**. **(→Point II. 3)**

Source: Idemitsu Kosan Co.,Ltd, Presentation on Results for the 2nd Quarter FY2023 (November 14, 2023), Page4, 7
https://ssl4.eir-parts.net/doc/5019/tdnet/2362973/00.pdf

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Progress on the Medium-Term Plan

3-year Plan and Forecast

	Plan	Forecast	Change
Operating+Equity Income*	¥560 billion	¥730 billion	+¥170 billion
Net Income*	¥380 billion	¥480 billion	+¥100 billion
Cash flows	¥910 billion	¥1,130 billion	+¥220 billion

Financial Condition at the end of FY23

ROE*	Equity Ratio	Net D/E	Shareholders' Equity
11.3%	35.9%	0.67	¥1.8 trillion

- ✓ Smooth start in Year 1 of the plan due to initiatives to enhance earnings in existing businesses, etc., **confirming high growth potential in existing businesses**
- ✓ 3-year CF to exceed the medium-term plan by ¥220 billion and shareholders' equity at the end of FY23 to reach 1.8 trillion, **suggesting an increase in strategic options for the company**

idemitsu * Excluding inventory impact

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May 2024 announcement

Overview of Initiatives toward FY25

Further improving capital efficiency in existing businesses ✕ **Reallocating cash**

Upward revision of ROIC target
FY25: Existing businesses **7%**
FY22 (adjusted*) : 3.4%
Initial FY25 Plan: 5%

New business investment screening
Key areas: **4** designated
Increased allocation towards existing growth investments (including M&A)
vs. Medium-term Plan: **+¥50** billion~

Further Earnings Improvement
FY25: Operating + Equity
¥230 billion
vs. FY22 (adjusted*): +¥100 billion
vs. FY23 (adjusted*): +¥50 billion

Review of the capital structure (adequate shareholders' equity)
Share repurchase: **¥100** billion
50% total payout ratio for shareholder returns, plus a ¥100 billion share repurchase

Achieve 2030 GHG reduction targets
Almost achieve ~20% of the required 7.3 million t reduction in FY23

Achieve 10% ROE in FY25 and rapidly achieve 1.0x PBR by improving capital efficiency and achieving further sustainable growth

idemitsu *Figure adjusted for time-lags in the petroleum segment, coal prices in the resources segment (FY25 plan assumption of $120/t), etc. to facilitate comparison excluding the impact of the external environment

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- **The status of achievement and initiatives in the first year of the Medium-Term Management Plan were summarized, and the ROIC target was revised upward. (→Point III. 4)**

Source: Idemitsu Kosan Co.,Ltd, Presentation on Results for FY2023 (May 14, 2024), page4-5
https://ssl4.eir-parts.net/doc/5019/tdnet/2439037/00.pdf

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Idemitsu Kosan Co.,Ltd. (5019) (v)

ROIC by Segment

Segment	FY22 ROIC (adjusted)	FY22 Invested Capital	FY25 ROIC Target	NOPAT*2 / Invested Capital*3 FY25 vs FY22 (¥ bn)
Petroleum + Basic Chemicals	2.3%	71%	6%	+88 / (184)
Functional Materials	4.5%	10%	10%	+28 / +50
Power/Renewable Energy	0.3%	7%	4%	+8 / (73)
Resources	17.2%	9%	14%	(22) / (40)
Total of Existing Businesses*1	**3.4%**	**100%**	**7%**	**+100 / (280)**
2050 CN Investments	-	-	-	- / +150
Total	**3.4%**	**100%**	**6%**	**+100 / (130)**

idemitsu *1 Includes corporate expenses, etc. *2 NOPAT used for ROIC numerator
*3 Land marked to market; reserve borrowings excluded from calculations as they create no effective burden

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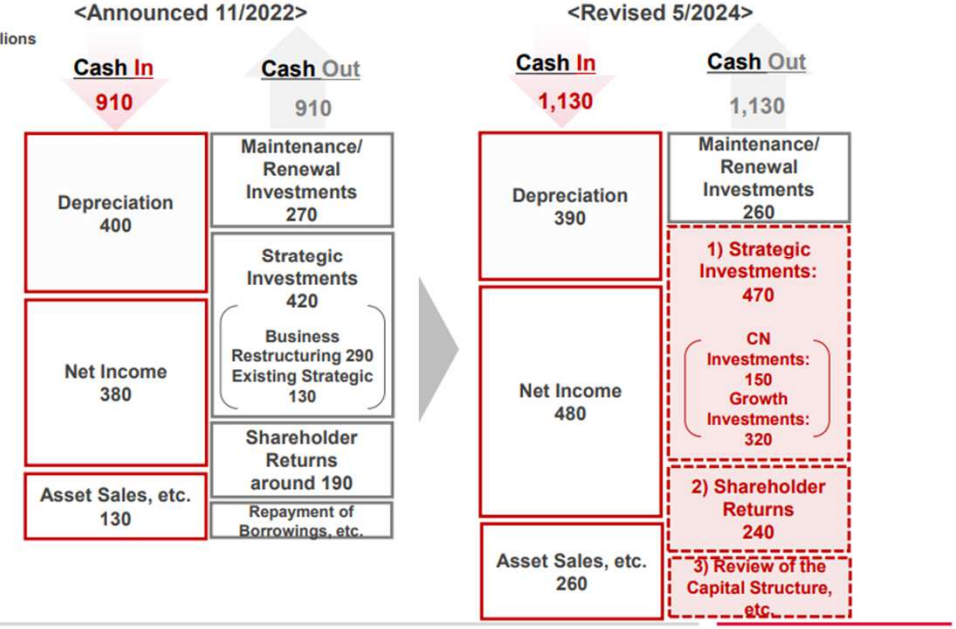
May 2024 announcement

3-year Cash Flow Allocation (FY2023~2025)

■ Increase in CF to be used for **1) strategic investments, 2) shareholder returns, and 3) review of the capital structure**

Units: ¥ billions



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- **In addition to disclosing ROIC targets by segment, the company reviews cash flow allocation and aims to further improve capital efficiency. (→Point II. 2)**

Source: Idemitsu Kosan Co.,Ltd, Presentation on Results for FY2023 (May 14, 2024), page11, 17
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Niterra Co.,Ltd. (5334) (i)

New!

TOPIX Mid400

Glass and Ceramics Products

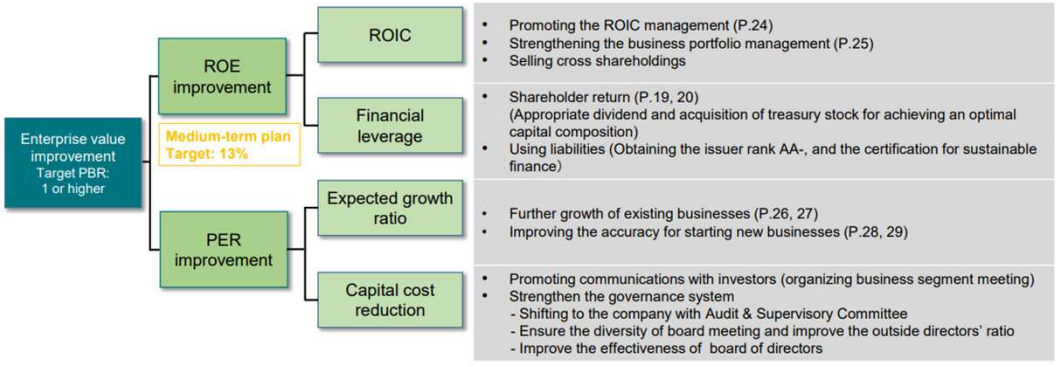
JPX

5 Action to Achieve Cost-of-Capital and Stock-Price-Conscious Management

Continuous Activities to Improve Our Enterprise Value

Niterra
Niterra Co., Ltd.

– To improve our enterprise value in the medium-to-long term, we will keep working on the activities to strengthen our earning ability and foster the growth expectations.



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Voice of Investors

As a key measure to improve ROIC, the company has set business withdrawal rules and are reviewing unprofitable businesses, and we can expect these efforts to be effective.

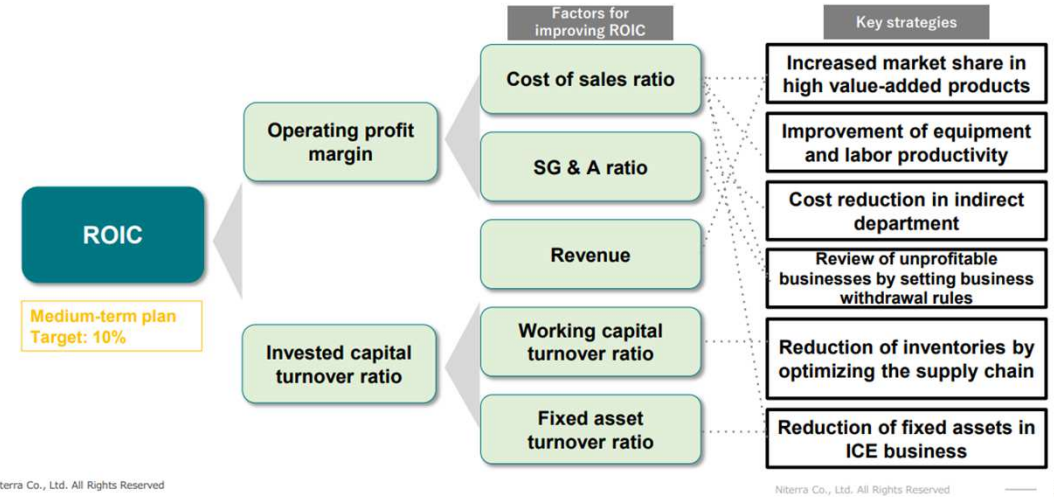
- Explains initiatives to improve corporate value and ROIC using a logic tree. **(→Point II. 5)**

5 Action to Achieve Cost-of-Capital and Stock-Price-Conscious Management

Promoting the ROIC management

Niterra
Niterra Co., Ltd.

– To improve the ROE, we need to pursue our earning ability and enhance the capital efficiency.



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Source: Niterra Co.,Ltd., BUSINESS HIGHLIGHTS For the fiscal year ended March 31, 2024 (May 7, 2024), page23-24
https://contents.xj-storage.jp/xcontents/AS06537/e27230d6/7fb5/4a71/8280/2cfe8b556130/20240507091745868s.pdf

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Niterra Co.,Ltd. (5334) (ii)

New!

TOPIX Mid400

Glass and Ceramics Products

- The company evaluated and monitored each business based on its hurdle rate spread and sales growth rate, and **implement a revitalization plan, including withdrawal, for unprofitable or low-growth businesses**. **(→Point II. 2)**

5 Action to Achieve Cost-of-Capital and Stock-Price-Conscious Management

Strengthening the Management of Business Portfolios

Niterra
Niterra Co., Ltd.

- **The performance results are evaluated by monitoring the spread and the sales growth rate to the hurdle rates that are set for individual business segments.**
- **After this medium-term plan, a recovery plan were set up for any unprofitable business segment that records a low growth ratio.**

Actions in this medium-term management plan

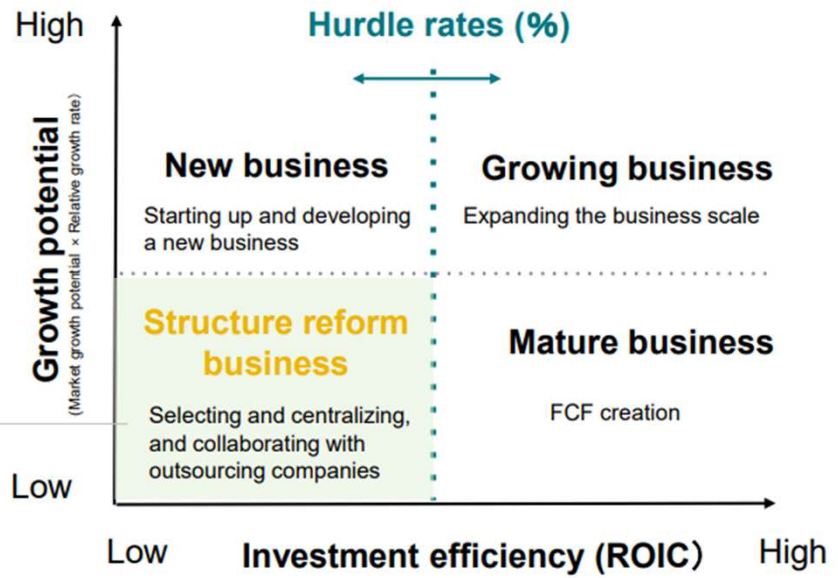
Medical business (partially)

January 2022
Dissolution of the business and capital alliance with Japan Medical Dynamic Marketing, INC.; Transfer of the shares

Withdrawal from the implant (artificial bone) business

Cutting tools

April 2023
Business and capital alliance with IMC International Metalworking Companies (A part of shares of NTK CUTTING TOOLS were transferred to IMC.)



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Source: Niterra Co.,Ltd., BUSINESS HIGHLIGHTS For the fiscal year ended March 31, 2024 (May 7, 2024), page25
https://contents.xj-storage.jp/xcontents/AS06537/e27230d6/7fb5/4a71/8280/2cfe8b556130/20240507091745868s.pdf

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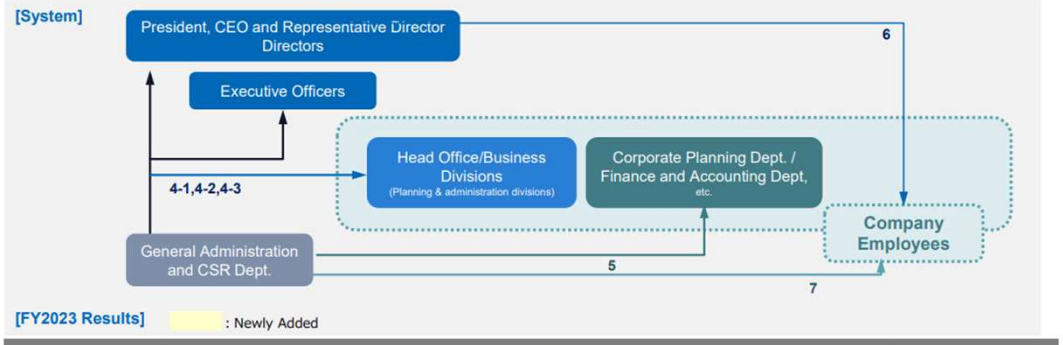
Kobe Steel,Ltd. (5406) (i)

3. Internal Feedback: Systems/Results

KOBELCO



[FY2023 Results] : Newly Added

	Contents	Recipients	Frequency
4-1	Evaluation of capital market	Members of Board of Directors, Executive Council members Head Office department heads / planning and management department heads in business divisions	Twice a year
4-2	Regular post-closing reports	Members of Board of Directors, Executive Officers Head office department heads / planning and management department heads in business divisions	4 Times a year (after quarterly financial res announcements)
4-3	Reports other than regular reports	Directors, Executive Officers, etc. related to report contents	As Appropriate
5	Regular pre-closing reports	Certain Directors & Executive Officers, Corporate Planning Dept., Finance and Accounting Dept.	4 Times a year (prior to quarterly closin
6	Summary explanation of business results by executive	Company employees, labor unions	Around Twice a year
7	Financial results briefings for employees	Company employees	From FY2023

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Voice of Investors

This is a good disclosure that clearly shows the status of dialogue with shareholders and investors, and how this is incorporated into management decisions. It also conveys the company's stance of using dialogue as a driver of growth, and will lead to the deepening of constructive dialogue in the future.

4. Examples of Initiatives that Incorporated Dialogue Outcomes

KOBELCO

◆ The Kobe Steel Group has implemented the following kinds of initiatives that reflect dialogues with the capital market in its pursuit of initiatives for sustainable growth and enhancement of corporate value.

Achievements to Date

E	CO_2 reductions	Formulated reduction targets and reduction contribution targets	From FY2020
S	Skills Matrix	Organized knowledge, experience, and skills officers are expected to demonstrate	From FY2021
S	Employee Engagement	Expanded scope of information disclosed in Integrated Report.	From FY2023
G	Remuneration System for Directors and Executive Officers	Introduced system for incorporating status of ESG-related initiatives into individual evaluation of performance-based compensation	From FY2021
G	Strategic shareholding	Changed holding policy, disclosed holding status in Notice of Convocation	From FY2023
G	Outside directors	Held first panel discussion	From FY2023
Business Strategy	Materiality	Newly formulated	From FY2021
Business Strategy	Capital efficiency	Included ROIC in medium-term management plan achievement targets, and disclosed capital cost	From FY2021
Other	Individual investor briefings	Held first online briefing session	From FY2023
Other	Information disclosure	Expanded disclosure, including materials on dialogue with capital markets and briefings for each business	Ongoing

Plans for FY 2024

G	Remuneration for directors and executive officers	Revised in Apr 2024, added ESG metrics
G	Organizational reform	Revised in Apr 2024 to enhance sustainability-focused management
Business Strategy	Disclosure of non-financial metrics	Released sales and targets for products that contribute to CO_2 reduction in Medium-Term Management Plan announced May 2024
Other	Overseas tours for institutional investors/securities analysts	Tours to MIDREX® plants planned for Autumn 2024.

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- The company has **established an internal feedback system to utilize dialogue in promoting initiatives to improve corporate value, and it disclose its results along with this.** **(→Point III. 3)**

Source: Kobe Steel, Ltd., Dialogue with the Capital Market FY2023 (June 2024), Page11, 13
https://www.kobelco.co.jp/english/about_kobelco/kobesteel/governance/files/capital_markets_23_e.pdf

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Kobe Steel,Ltd. (5406) (ii)

2. Dialogue with the Capital Market: Examples of Dialogue

We have excerpted and included the following items that had significant changes in dialogue content or notable progress in our company's initiatives over the course of one year.

KOBELCO

Capital Market — Constructive Dialogue → Kobe Steel

: Under Consideration
: Dialogue Ongoing
: Under Consideration

E	The Company should clearly disclose its future investment plans for compliance with carbon neutrality (CN) requirements, as well as specific details of its current response status. (CO2 Reductions Production Process)		✓ Investment Plan We are studying carbon neutrality from multiple perspectives, including installation of electric furnaces, etc. Regarding future investments, there are still many uncertainties, such as government regulations and support, as well as the technological outlook. We will continue considering how to disclose information on the application, scale, and timing of related investments. ✓ Technological Advancements We have succeeded in conducting an operational demonstration of a world-leading technology capable of reducing CO_2 emissions in the steelmaking process by 25% by combining the Engineering Business' MIDREX HBI manufacturing technology with the Steel Business' blast furnace operational technology. ✓ Enhancement of CN Framework In the organizational reform implemented in April 2024, we renamed the CO_2 Reduction Promotion Subcommittee under the Sustainability Management Committee the "GX Strategy Committee" and enhanced its structure as a supporting organization of the Executive Council. The Committee will discuss and implement key strategies together with the Business Portfolio Management Committee, and will work to give shape to the Company's carbon neutrality measures.
	The Company should disclose its CO_2 emissions in the electric power business as it does for the steelmaking process, and set quantitative reduction targets. (CO2 Reductions Production Process)		✓ We have also created our own roadmap for carbon neutrality in the electric power business, and aim to achieve carbon neutrality by 2050 by strengthening efforts to reduce CO_2 emissions, including biomass fuel co-firing and ammonia co-firing. ✓ At present, we have made the following major disclosures regarding CO_2 emissions in the electric power business, and we will continue to study the most appropriate method for disclosing such information to the market. • In our current disclosure materials, we disclose CO_2 emissions equivalent to electricity sold separately from emissions from our other businesses, in accordance with the calculation standards stipulated in the Act on Promotion of Global Warming Countermeasures. • We are a member of the GX League launched by METI, and within this framework we have set targets that also include CO_2 emissions equivalent to electricity sold. GX League Targets | KOBE STEEL, LTD (in Japanese).
	Request for quantitative sales and profit targets and results for MIDREX and other CO_2 reduction programs. (Contribution to CO2 Reductions)		✓ We have historically disclosed both targets and actual results regarding the contribution to reduction in CO_2 emissions by our technologies, products, and services. ✓ We will also consider specific disclosure of financial metrics, such as sales and profit, in the future. → Sales targets were disclosed in the Medium-Term Management Plan released in May 2024.

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- **Specific and easy-to-understand disclosure of actual dialogue examples, the thinking behind them, and the subsequent review and response status. (→Point III. 3)**

2. Dialogue with the Capital Market: Examples of Dialogue

KOBELCO

Capital Market — Constructive Dialogue → Kobe Steel

: Under Consideration
: Dialogue Ongoing
: Under Consideration

S	We hope the Company will take initiatives to address human rights issues, including in the supply chain.		✓ In FY2023, we conducted human rights risk assessments for major Group companies in Japan and some overseas Group companies. ✓ In the supply chain, in addition to establishing and communicating our Basic CSR Procurement Policy to our suppliers, we also conduct CSR surveys, including questions on human rights, for our major first-tier suppliers, and obtain letters of consent stating that they agree with our Basic CSR Procurement Policy. In addition, we conducted a survey in FY2023 to investigate the status of human rights protection. ✓ We will continue working to address human rights issues by steadily expanding the scope of coverage, both within the Group and in our supply chain.
	The Company should adopt human capital and human resource strategies that are linked to management strategy, and there should be more disclosure on this topic.		✓ In the organizational reform implemented in April 2024, the subcommittee responsible for promoting D&I and work style transformation was restructured into the Human Resources Strategy Subcommittee. This move centralizes the company-wide structure for promotion of human resource strategy, including the risk of human resource shortages, and aims to strengthen human capital management initiatives. ✓ We have expanded disclosures on our human resources strategy by including a revised, comprehensive overview of the Group's human resources strategy in the Kobelco Group Integrated Report 2023 (FY2022: one page → FY2023: five pages)
G	Outside directors should also be involved in initiatives aimed at dialogue with the market.		✓ While not in a direct dialogue format, a panel discussion between the Company's outside and internal directors was held in September 2023 and live-streamed to provide the market with a broader insight into the views and thoughts of the outside directors. ✓ Since FY2021, the Integrated Report has included a roundtable talk among the Company's outside directors.
	To encourage officer commitment, the compensation system for officers should be tied to ESG-related initiatives.		✓ From April 2024, the compensation system for directors and executive officers was revised to increase the ratio of performance-based compensation and to incorporate ESG-related metrics. In addition to providing greater incentives for directors and executive officers to improve business performance, we will proactively work to address ESG-related management challenges. ✓ The compensation for which we are incorporating ESG metrics is stock-based compensation, with the goal of sharing the same interests as shareholders in improving the Company's corporate value.

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Source: Kobe Steel, Ltd., Dialogue with the Capital Market FY2023 (June 2024), Page8-9
https://www.kobelco.co.jp/english/about_kobelco/kobesteel/governance/files/capital_markets_23_e.pdf

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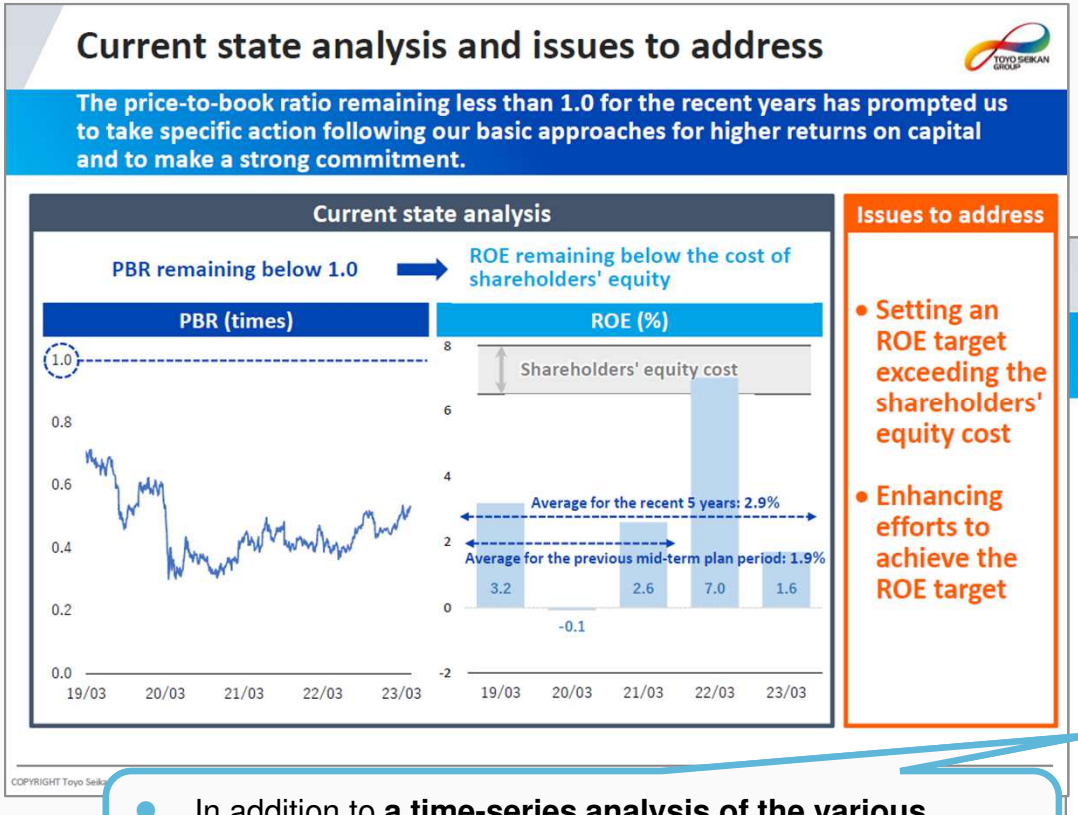
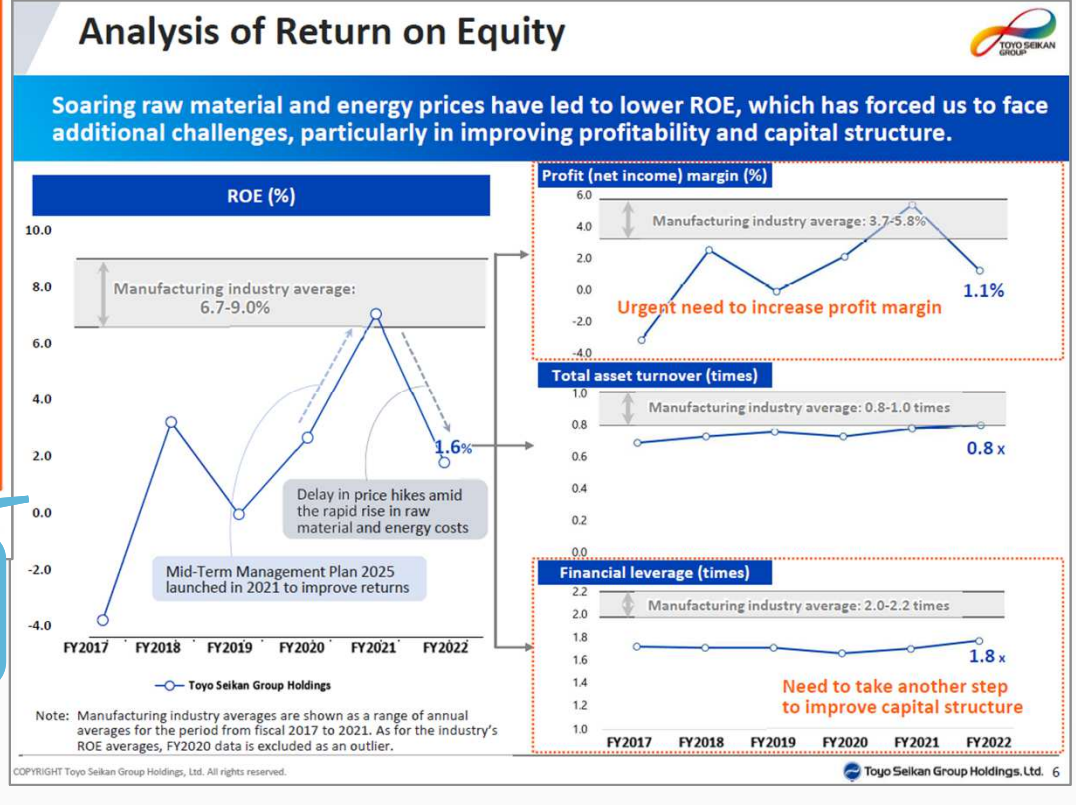
Voice of Investors

The series of content, including the current situation analysis, the direction to be taken, and specific measures, are clearly presented, and progress is also disclosed. In addition, the medium- to long-term cash allocation policy is presented, and it is now easier to evaluate investments, as it is clear how cash will be allocated between investment in growth and shareholder returns in the future.



- In addition to **a time-series analysis of the various indicators, a comparative analysis with sector averages was conducted to identify issues.** **(→ Point I.2)**

May 2023 announcement



Source: Toyo Seikan Group Holdings, Ltd., Capital Efficiency Initiative 2027 (May 12, 2023), Page5-6
https://ssl4.eir-parts.net/doc/5901/ir_material_for_fiscal_ym6/135279/00.pdf

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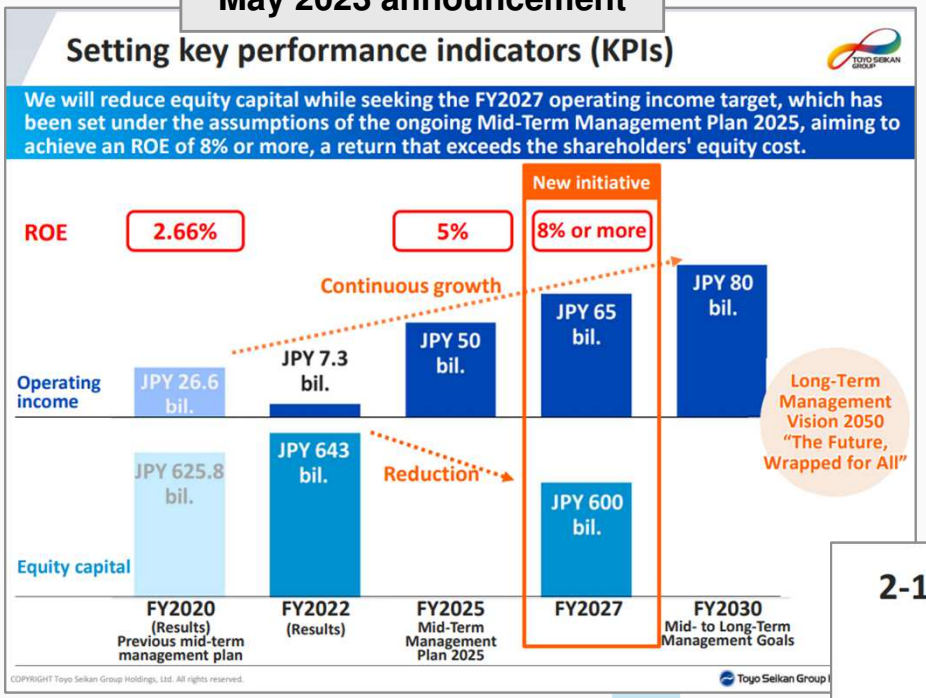
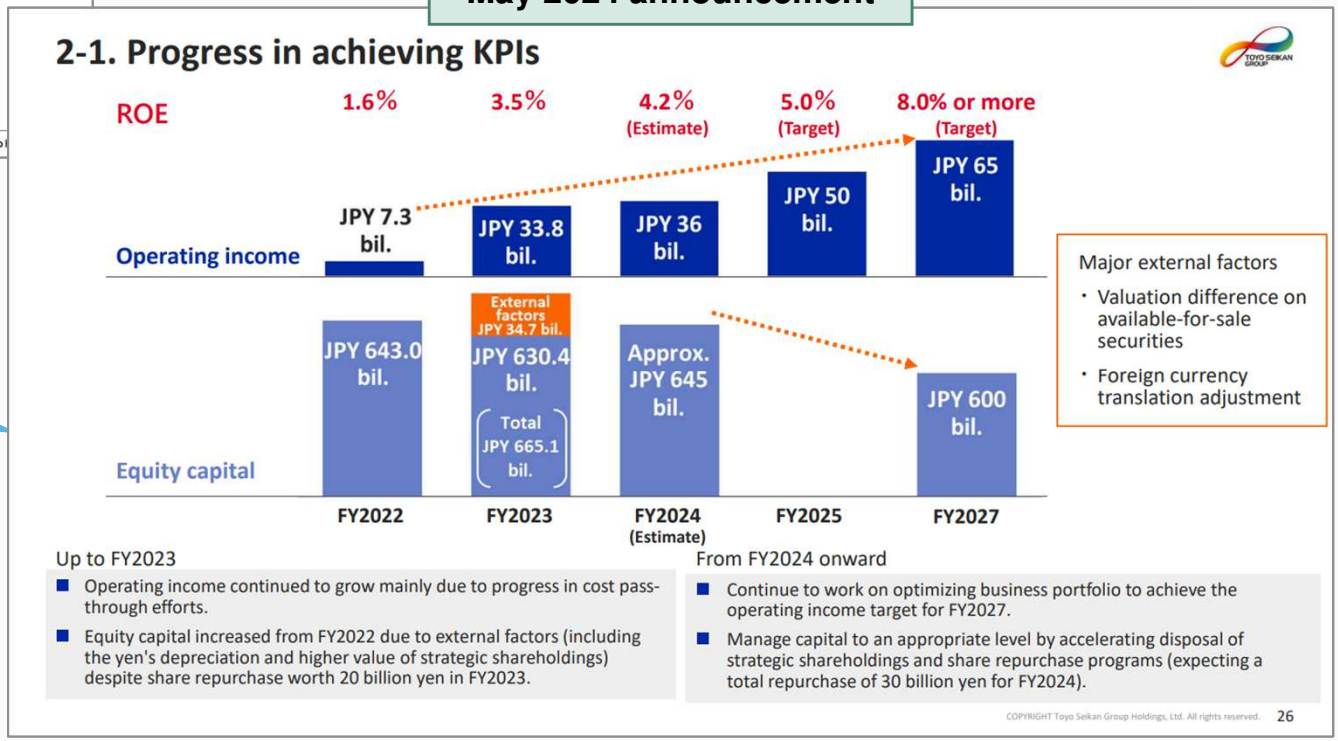
Toyo Seikan Group Holdings,Ltd. (5901) (ii)

May 2023 announcement



May 2024 announcement



- **Provides a specific explanation of the progress of their efforts, including the impact of external factors, and present their future policies. (→Point III. 4)**

Source: Toyo Seikan Group Holdings, Ltd.
(Left) Capital Efficiency Initiative 2027 (May 12, 2023), page9
https://ssl4.eir-parts.net/doc/5901/ir_material_for_fiscal_ym6/135279/00.pdf
(Right) Financial Results for Full-Year FY2023 (May 22, 2024), page26
https://ssl4.eir-parts.net/doc/5901/ir_material_for_fiscal_ym4/156768/00.pdf

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Toyo Seikan Group Holdings,Ltd. (5901) (iii)

May 2023 announcement

Optimizing business portfolio

We will accelerate cost pass-through efforts and the restructuring of unprofitable operations mainly in the domestic packaging business and achieve business expansion in growth areas, in order to meet FY2027 operating income target.

(in billions of yen)	FY2022 results	FY2023–FY2025	FY2026–FY2027	FY2027 targets
Packaging Restructuring	Net sales: 544.4 Operating income: -10.7 Operating income margin: -2.0%	Cost pass-through efforts (30 to 35 billion yen) Restructure unprofitable operations. Reduce environmental impact. / Promote automation, labor saving and other cost cutting efforts.		Net sales: 600.0 Operating income: 30.0 (+40.7) Operating income margin: 5.0%
Engineering/ Filling/Logistics Growth (and restructuring)	Net sales: 198.3 Op. income: 8.7 Op. margin: 4.4%	Restructure unprofitable operations. Improve profitability by tapping into the growing global market for can making machines. (Engineering) / Increase production capacity in Asian markets with high growth potential. (Filling)		Net sales: 190.0 Op. income: 13.0 (+4.3) Op. margin: 6.8%
Steel Plate Growth	Net sales: 86.5 Op. income: 4.6 Op. margin: 5.4%	Invest in production of materials and components for automotive rechargeable batteries, which are rapidly growing.		Net sales: 110.0 Op. income: 7.0 (+2.4) Op. margin: 6.4%
Functional Materials Growth	Net sales: 45.7 Op. income: 2.0 Op. margin: 4.4%	Pursue growth through the expansion of business areas by leveraging our technologies in optical and other functional films.		Net sales: 60.0 Op. income: 6.0 (+4.0) Op. margin: 10.0%
Cross-segment growth areas Growth		Continue to expand components and engineering operations in the mobility market. Expand filling and packaging manufacturing operations through M&As in growing overseas markets, particularly in South East Asia.		Net sales: 80.0 Op. income: 6.0 (+6.0)

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Toyo Seikan Group Holdings,Ltd. 13

May 2024 announcement

2-2. Progress in optimizing business portfolio (1)

Packaging

<Main approaches to optimizing business portfolio>

- Cost pass-through efforts (30 to 35 billion yen)
- Restructuring unprofitable operations
- Reducing environmental impact; reducing costs through automation and labor saving efforts

Measures & facts up to FY2023

- Pass on raw material and energy cost increases to customers.
- Restructure unprofitable operations.
  → Earnings improvement as a result of cost pass-through and allocation of more business resources to growth areas helped to improve unprofitable operations.
- Develop and offer environmentally friendly products.
  → Developing EcoEnd™ *, launching mass production of Japan's lightest aluminum cans
  → Expanding sales of paper containers mainly for convenience stores

Measures from FY2024 onward

- Implement additional cost pass-through to cover increases in labor and logistics expenses.
- Continue with measures to restructure unprofitable operations.
- Allocate more business resources to growth areas while reducing costs through labor saving efforts.
- Develop and offer environmentally friendly products.

*Beverage can end with a higher recycled aluminum content co-developed with UACJ.

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Source: Toyo Seikan Group Holdings, Ltd.
(Left) Capital Efficiency Initiative 2027 (May 12, 2023), page13
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(Right) Financial Results for Full-Year FY2023 (May 22, 2024), page27
https://ssl4.eir-parts.net/doc/5901/ir_material_for_fiscal_ym4/156768/00.pdf

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Toyo Seikan Group Holdings,Ltd. (5901) (iv)

May 2023 announcement

Cash allocation (FY2023 – FY2027)

Seeking business growth and higher returns on capital, we will strategically allocate funds obtained from operating cash flows and through asset disposal and fundraising to investment activities and shareholder returns.

Cash inflows	Cash outflows		Details of income and spending
Asset disposal & fundraising 80 billion yen or more	Investment 270 billion yen	Expanding business opportunities in new growth areas 145 billion yen	Asset disposal & fundraising: ● Dispose of approx. 40 billion yen worth of strategic shareholding (incl. cross-shareholding) by FY2027. - 20 billion yen worth unsold under Mid-Term Management Plan 2025 (To date, 20 billion yen worth has been sold under the plan.) - Additional 20 billion yen worth to be sold ● Reduce assets in unprofitable operations and dispose of real estate. ● Improve financial efficiency through the use of debt financing.
Operating cash flow 370 billion yen		Reinforcing foundations for existing operations 110 billion yen	Investment: ● Continuous investment to enhance growing existing operations, including automotive rechargeable battery materials and components. ● Investment in new fields with growth potential / M&As ● Continuous investment to maintain solid foundations for existing operations
		Enhancing management foundation 15 billion yen	
	Shareholder returns 180 billion yen	Dividend payout 80 billion yen	Share-holder returns: ● Expected total dividend payout: approx. 80 billion yen *1 - Aim for an average consolidated payout ratio of 50 percent or more (FY2021–FY2025) - Set a minimum annual dividend of 46 yen per share and gradually incre the amount. (FY2021–FY2025)
		Share repurchase 100 billion yen	● Total share repurchase amount: approx. 100 billion yen *2 - Substantially increase returns to shareholders, which we have gradual enhanced.

Note: 1. The dividends for FY2026 and FY2027 are assumptions based on the planned level for FY2025, and the dividend plans for the years will be determined based on actual earnings.
2. We plan to repurchase a total of 60 billion yen worth of shares during the period of the current mid-term management plan. While the repurchase amo for the FY2026-2027 period is expected to be around 40 billion yen, it will be finally determined based on the shareholder return policy of the next mid-term management plan.

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Toyo Seikan Group Holdings

May 2024 announcement

2-5. Progress in asset disposal and financing

Asset disposal

Disposal of "strategic shareholdings" (including cross-shareholdings)

- We plan to sell 60 billion yen worth of shares out of our strategic shareholdings during the period from fiscal 2021 to fiscal 2027.

(in billions of yen)	FY2021	FY2022	FY2023	FY2024 –
Amount sold	21.3	0.5	3.5	Sell the remaining amount from FY2024, as early as possible, taking account of increases in stock prices.

Disposal of real estate

- Since fiscal 2023, we have been examining whether to dispose of real estate assets, invest more in them for conversion of use, or maintain the status quo, taking account of rates of return and other conditions of individual assets.
- From fiscal 2024 onward, we will implement asset restructuring based on our examination.

Financing Continuing with our strategy of using debt financing to improve financial efficiency

Bond name	Toyo Seikan Group Holdings 1st unsecured bonds (Green Bonds) (with inter-bond pari passu clause)
Amount of issue	10 billion yen
Use of proceeds	1) Expansion of production capacity of rechargeable battery materials used in electric and hybrid vehicles 2) Investment in production facilities for aluminum beverage cans with Compression Bottom Reform (CBR) technology* 3) Acquisition, development and construction of buildings that are environmentally friendly 4) Procurement of renewable energy through the installation of solar panels

* Compression Bottom Reform (CBR) is a technology that reforms the bottom of a beverage can to increase the pressure resistance of the bottom, thereby reducing the can weight.

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Source: Toyo Seikan Group Holdings, Ltd.
(Left) Capital Efficiency Initiative 2027 (May 12, 2023), page15
https://ssl4.eir-parts.net/doc/5901/ir_material_for_fiscal_ym6/135279/00.pdf
(Right) Financial Results for Full-Year FY2023 (May 22, 2024), page30
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EBARA CORPORATION (6361) (i)

Voice of Investors

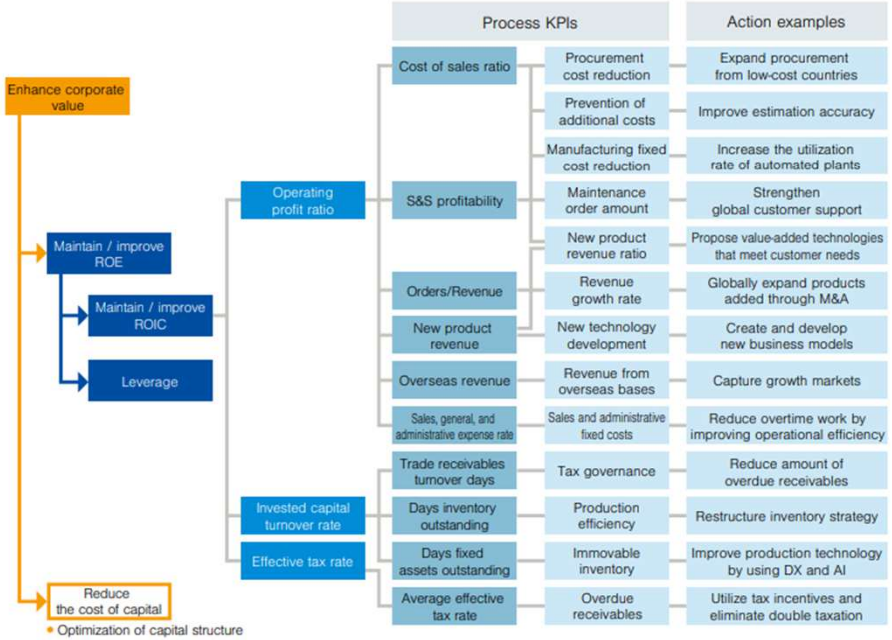
The current situation regarding ROIC, the target of increasing the spread, and the measures to achieve them are explained in an easy-to-understand way, with the measures broken down into smaller parts, making it easier to deepen discussions with the management team. In addition, by using the TSR logic tree, etc., there is a clear awareness of how each initiative will lead to an increase in shareholder value.

From Deepening to True Value of ROIC Management

We will promote awareness of the importance of capital efficiency using ROIC as a common language, while also taking into consideration the reduction of WACC to maximize the ROIC-WACC spread

E-Plan 2025 sets forth the further deepening of "ROIC management," which emphasizes ROIC, to achieve sustainable corporate growth and efficient management. To promote this, we are working to improve capital efficiency Groupwide by creating an "ROIC tree" that breaks down and visualizes the components of ROIC, not only for monthly management of KPIs in each organization, but also for linking them to the mission, operational processes, and actions of each organization, and evaluating them as well.

ROIC Tree



As mentioned in the President's message, we feel that spreading awareness of ROIC within the Company will lead to a change in culture. →P14 Recently, there has been a growing awareness that in addition to the qualitative factorization using the ROIC Tree, we should quantitatively identify the invested capital and the return for each organization and quantitatively evaluate the performance of the organization from the perspective of capital efficiency as much as possible. For ROIC by in-house company, which is used as an internal management indicator, we are currently working to enhance the accuracy of the management, particularly with regard to the denominator (invested capital), and to develop and improve the indicator so that it can be disclosed separately as a reliable indicator in the future.

Maximizing the ROIC-WACC spread is the heart of ROIC management, and to achieve this, attention must be paid to WACC reduction measures together with ROIC improvement. In addition to optimizing the capital structure, including the effective use of interest-bearing debt, we will strive to reduce long-term risks through the enhancement of ESG-related measures, etc. In addition, by disclosing financial and non-financial information and further enhancing IR activities, we aim to provide timely and relevant information that contributes to investment decisions, thereby increasing transparency and minimizing risk from the investor's perspective, and facilitating reduction of the WACC.

- **An ROIC tree is used to explain in an easy-to-understand way how each initiative contributes to improving corporate value. (→Point II. 5)**

- **The company is working to reduce cost of capital by optimizing capital structure and reducing long-term risks in their business operations. (→Point II. 3)**

Source: EBARA CORPORATION, INTEGRATED REPORT 2024 (June 28, 2024), page31-32
https://www.ebara.co.jp/en/ir/library/annual-report/pdf/INT24_all_EN.pdf

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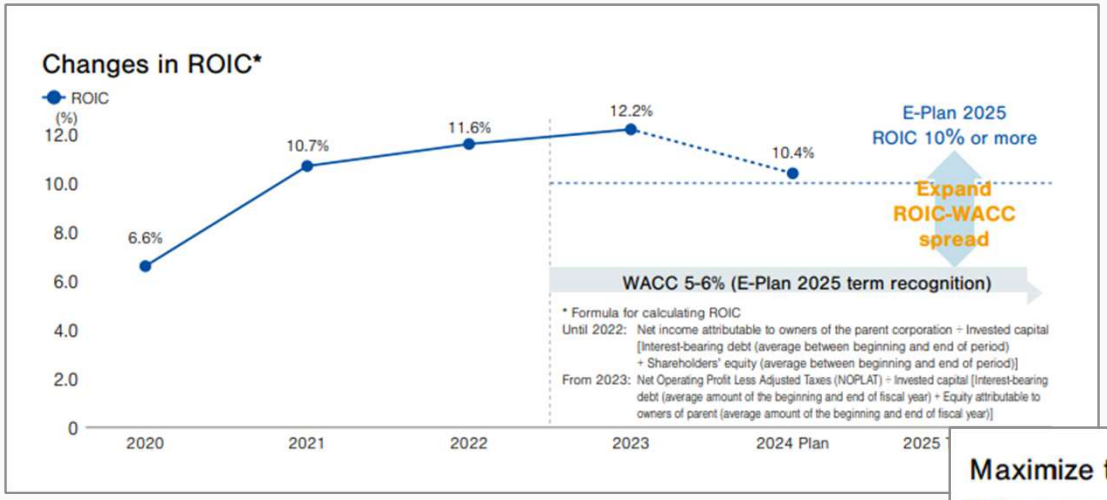
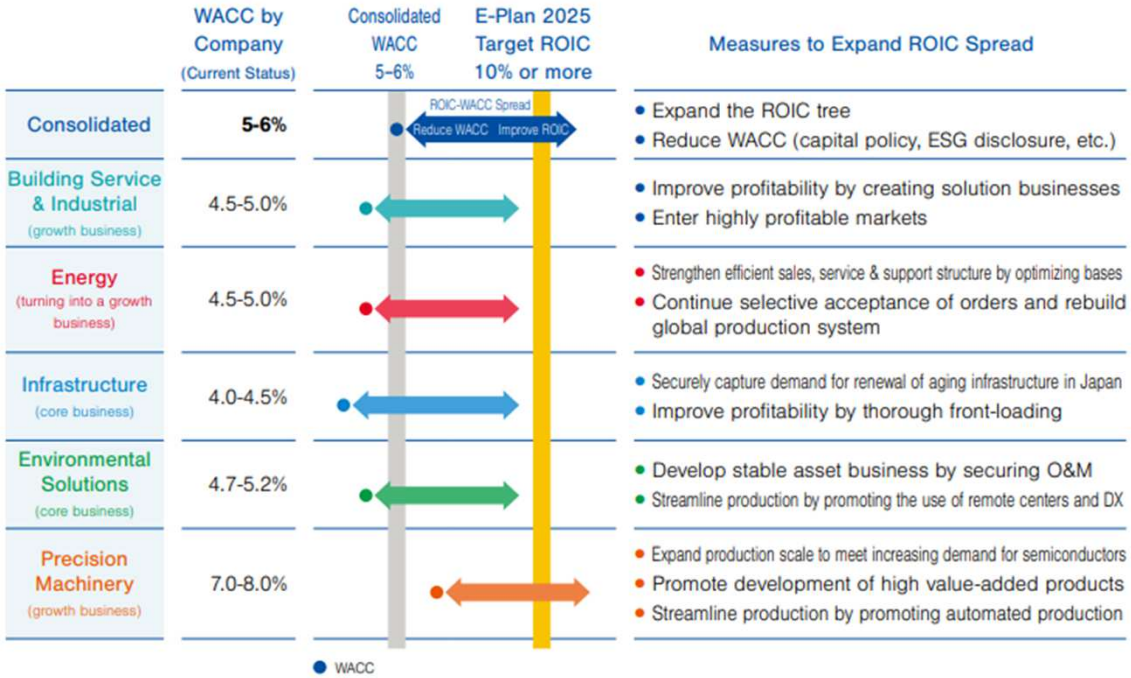
EBARA CORPORATION (6361) (ii)



- **Segment-by-segment analysis and evaluation of the ROI-WACC spread**, and presentation of measures to expand the ROIC spread for each segment. **(→ Point I.2)**

Maximize the ROIC to WACC Spread

■ We aim to sustainably increase corporate value by maintaining and improving ROIC above the WACC and by implementing business strategies and capital policies that lead to an increase in the ROIC-WACC spread.



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Source: EBARA CORPORATION, INTEGRATED REPORT 2024 (June 28, 2024), page32
https://www.ebara.co.jp/en/ir/library/annual-report/pdf/INT24_all_EN.pdf

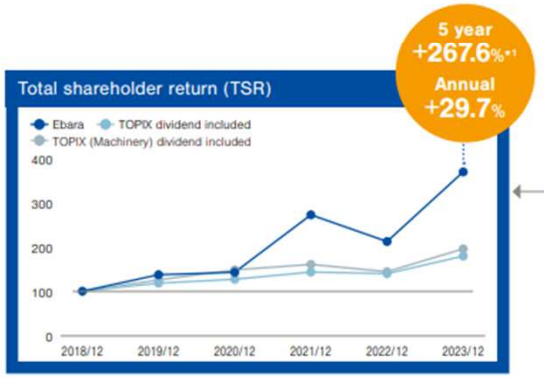
EBARA CORPORATION (6361) (iii)

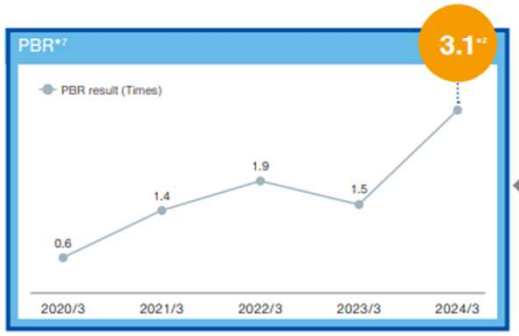
- Using a **TSR logic tree that breaks down TSR into its influencing factors, the company presents individual measures for increasing shareholder value.** **(→ Point II. 5)**

Message from the CFO

TSR Logic Tree

The Company places importance on total shareholder return (TSR) as an indicator for increasing shareholder value. We are promoting the improvement of TSR along with ROE, an important efficiency target in E-Plan 2025, by breaking down each influencing factor and linking it to individual measures. We will aim to improve ROE and maximize medium- to long-term TSR, while keeping P/B ratio levels in mind.





Income gains (cumulative dividends)

Cumulative total dividends ¥68.3billion (for 5 years*2)

Capital gains (rise in stock price)

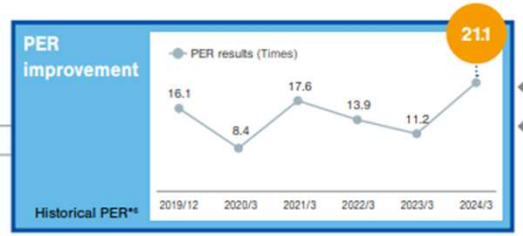
Market capitalization +¥519.0 billion (for 5 years*1)

- 4 consecutive years dividend increases

Target: Dividend payout ratio of 35% or more

- Sustainable EPS growth
- Sales growth x Profitability improvement

(Flexible stance on share repurchases)



- Expand IR functions
- Enhance governance
- Strengthen ESG disclosure

DuPont analysis | **E-Plan 2025 Financial targets**

Net profit margin 7.9%*3	Operating profit ratio (Target of 10% or more) 12.2%*3	Continuous profitability improvement	
Total asset turnover 0.87*3	Top-line growth through growth businesses; BS reduction through sales of underutilized assets, etc.		
Financial leverage 2.23*3	D/E ratio (0.3-0.5 guideline) 0.35*3	Optimal financial control commensurate with the business structure	

*1. Five years from 2018 to 2023 *2. As of March 31, 2024 *3. 2023 results *4. Market consensus is as of the time of announcement of each financial closing period, 2024 consensus is as of March 31, 2024 *5. Total cash dividends from retained earnings for 2019 through 2023
*6. Example of PER results calculation formula: Share price as of March 31, 2024 ÷ Actual EPS in 2023 (disclosed in February 2024) *7. Example of PBR results calculation formula: Share price as of March 31, 2024 ÷ Actual BPS in 2023 (disclosed in February 2024)
(Note) The Company carried out a 5-for-1 stock split of the common stock of the Company with a record date of June 30, 2024. The share price and per-share information are based on a pre-split basis.

Source: EBARA CORPORATION, INTEGRATED REPORT 2024 (June 28, 2024), page33
https://www.ebara.co.jp/en/ir/library/annual-report/pdf/INT24_all_EN.pdf

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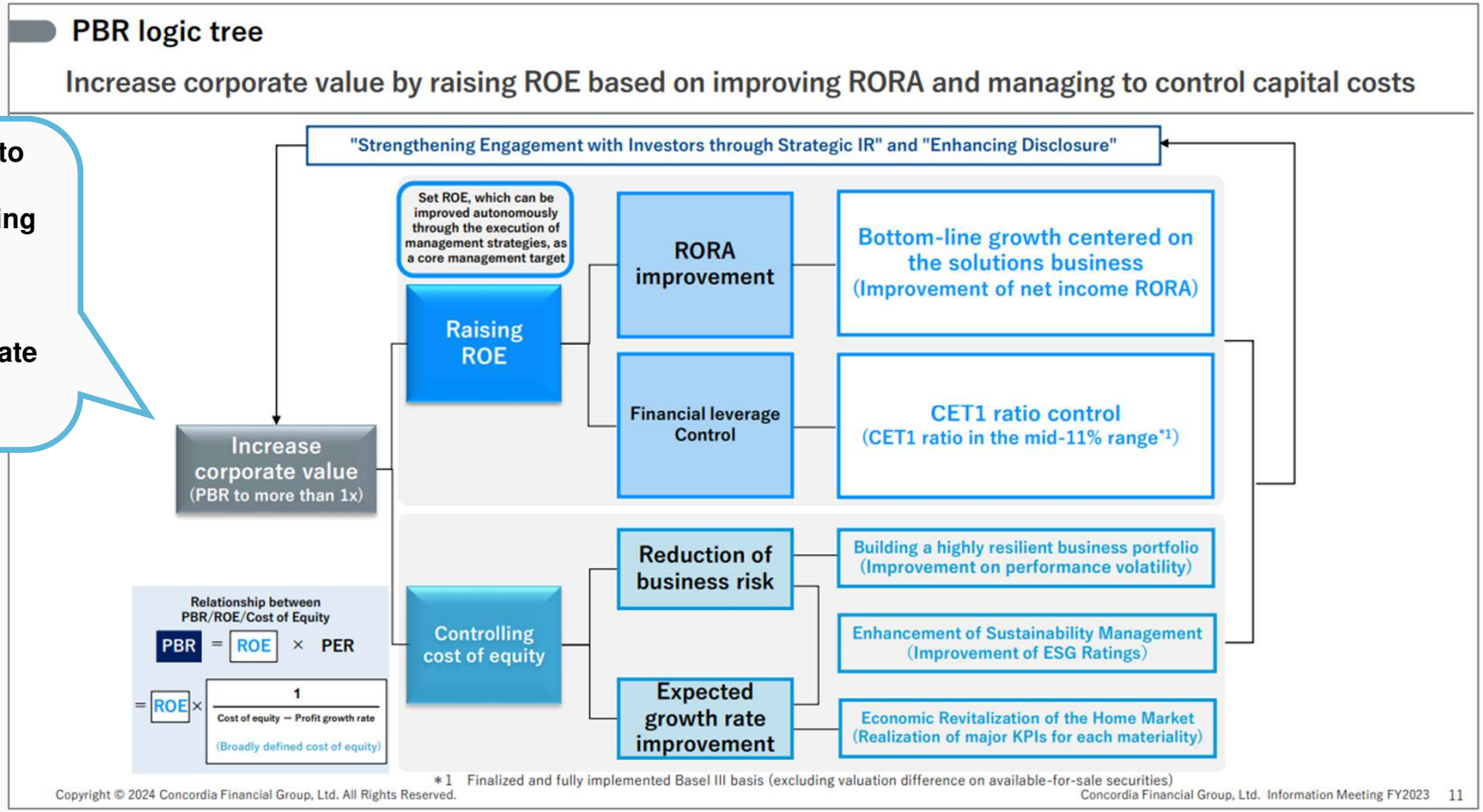
Voice of Investors

The report provides a deep analysis of the company's current situation, including the cost of capital calculation using multiple models, historical analysis of various indicators, and comparisons with other companies in the same industry. In addition, the report provides a clear explanation of how each initiative is expected to contribute to the realization of the company's vision, and is persuasive in terms of feasibility.

- The company's efforts to improve its corporate value are described using a logic tree, and the relationship between these efforts and the improvement in corporate value is clarified. (→ Point II. 5)



Source: Concordia Financial Group, Ltd. Information Meeting (FY2023 Financial Results and initiatives to enhance corporate value) (May 21,2024), Page11
https://ssl4.eir-parts.net/doc/7186/ir_material_for_fiscal_ym13/156381/00.pdf

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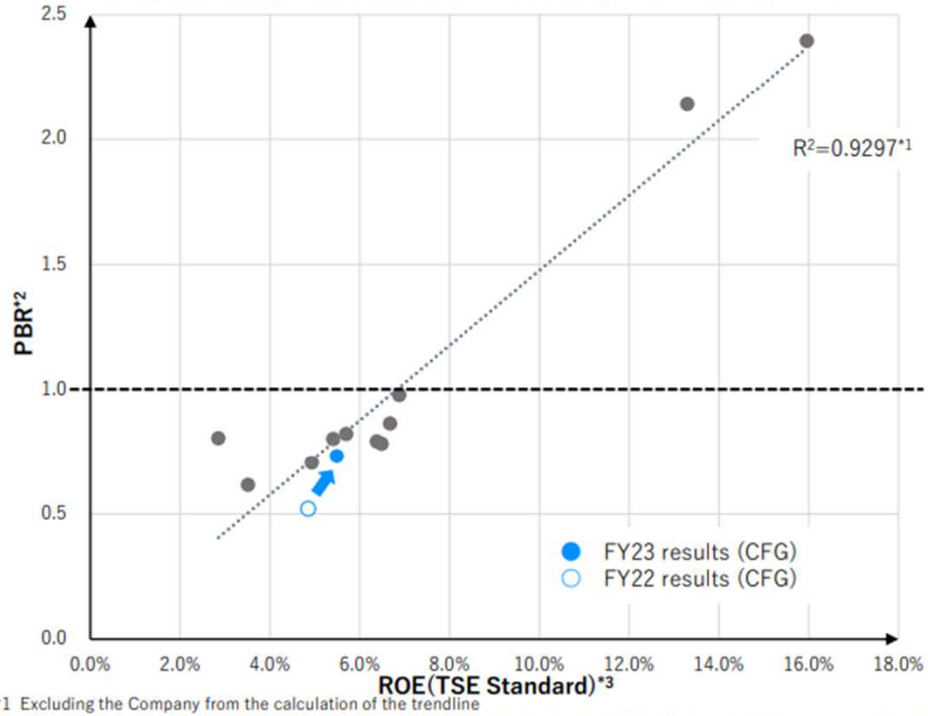
Evaluation and analysis of the current situation (PBR・ROE)

ROE is still below cost of equity despite showing a steady improvement, while PBR is around 0.7x

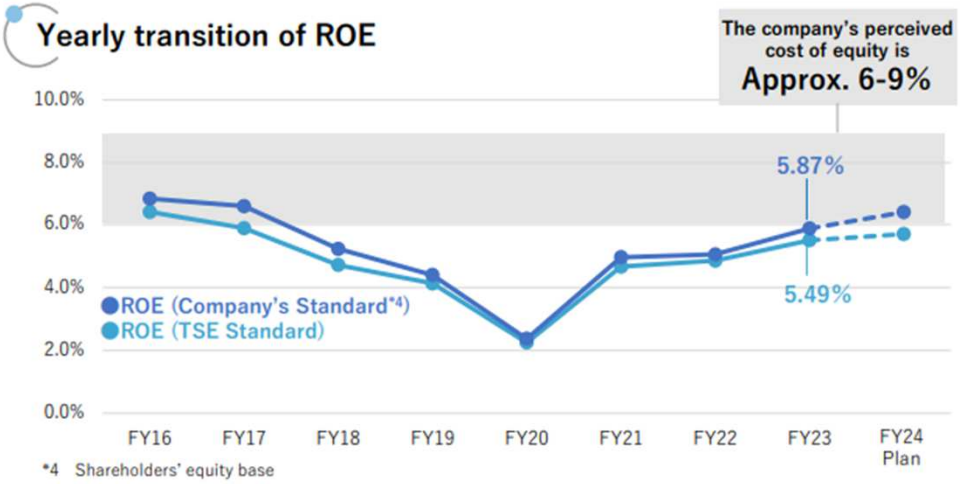
PBR/ROE matrix of major Japanese banks

● Enhance PBR by improving ROE that is highly correlated with PBR



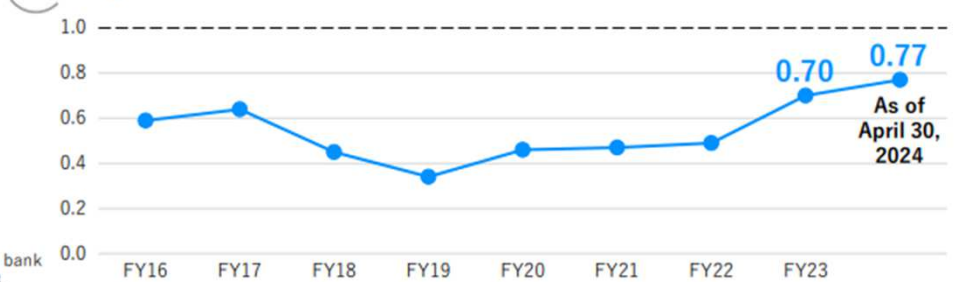
*1 Excluding the Company from the calculation of the trendline
*2 Share prices are as of March 31,2024 and net assets are based on December 31,2023. Calculated from earnings brief of each bank
*3 Net income based on forecast net income as of FY2023 as of March 31,2024 and net assets are based on December 31, 2023. Calculated from each earnings brief (only we use the actual number)

Yearly transition of ROE



*4 Shareholders' equity base

Yearly transition of PBR*5



*5 Calculated from the share price and book value per share as of the end of each fiscal year

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Concordia Financial Group, Ltd. Information Meeting FY2023 12

- **Comparatively maps PBR and ROE status and shows where the company stands in relationship to other companies in the same industry. (→Point I. 2)**

Source: Concordia Financial Group, Ltd. Information Meeting (FY2023 Financial Results and initiatives to enhance corporate value) (May 21,2024), Page12
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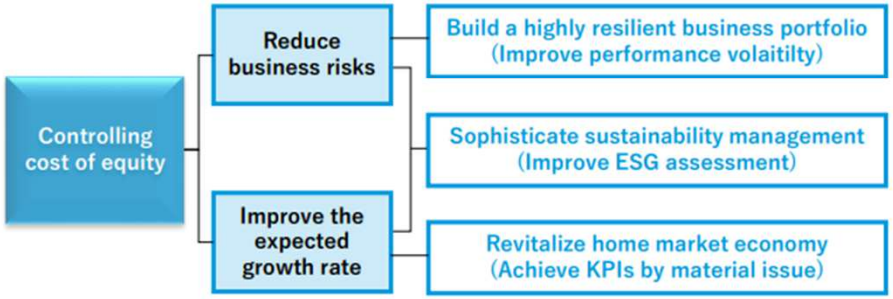
Initiatives to Control Cost of Equity

Aiming to reduce future downside risks, while controlling the deviation of net income from the forecast

Initiatives to control cost of equity



Cost of equity

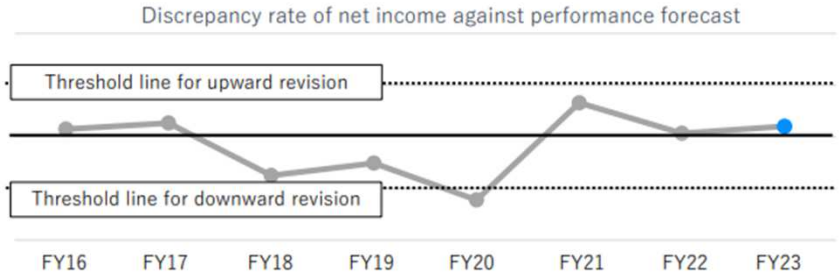
Cost of equity is calculated based on CAPM and stock yield

Cost of equity is expected to remain in the range of 6.0% to 9.0%

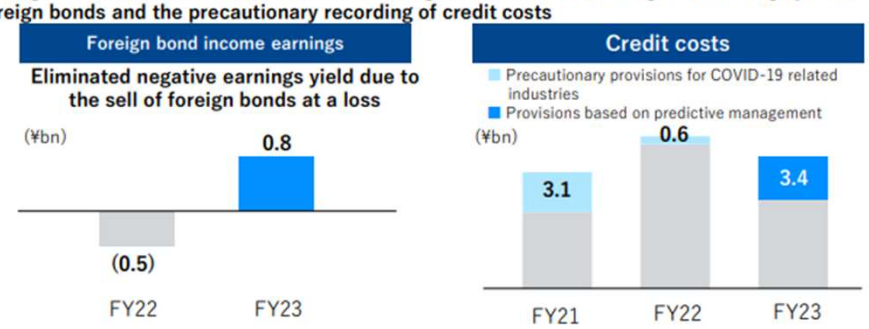
<Reference> Estimate based on stock yield	March 2023	March 2024
	About 9%	About 7%

Improve performance volaitilty

- Reduce β, which makes up cost of equity, by reducing a deviation of of actual net income against forecast net income



- Managed to reduce future downside risks through the elimination of negative earnings yield of foreign bonds and the precautionary recording of credit costs



☞ For details, please refer to the IR Day presentation material on February 29, 2024

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- In addition to CAPM, the company also calculate the cost of shareholders' equity based on **stock yield, and present the level of recognition as a range. (→Point I. 1)**

- **In order to reduce the cost of shareholders' equity, the company is working on building a highly resilient business portfolio and advancing sustainability management. (→ Point II. 3)**

Source: Concordia Financial Group, Ltd. Information Meeting (FY2023 Financial Results and initiatives to enhance corporate value) (May 21,2024), Page14
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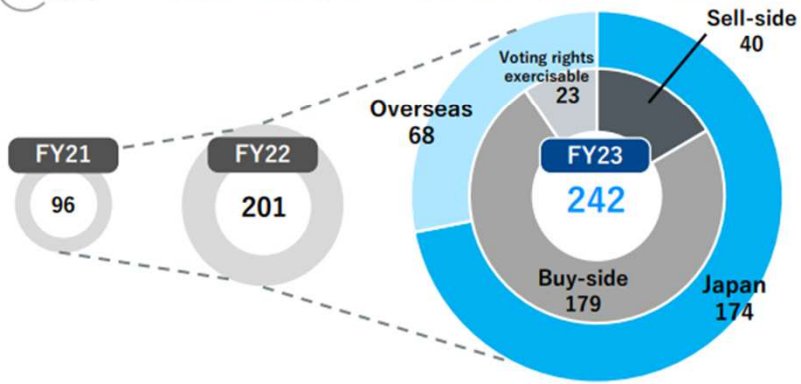
Engagement with Shareholders and Investors

Sophistication of management strategies through strengthening engagement with shareholders and investors by responding to their opinions

Engagement with investors (Number of one-on-one meetings held)



Major achievements of IR activities

(Times)

		FY21	FY22	FY23
Domestic institutional investors	IR Day	0	3	3
Overseas institutional investors	Overseas IR Physical roadshows	0	2	3
Individual investors	Briefings for individual investors	1	1	3
	Information session for all group employees	0	0	1

Reponses to opinions from investors

Main opinions	Reponses
To clarify issued recognized and measures for improvement to increase ROE	Disclose PBR and ROE logic trees
Rebuilding the market division is an issue	Revised our securities investment policy and explained a new strategy at IR Day
Should disclose the plan to reduce policy shareholdings	Formulated and disclosed the plan to reduce policy shareholdings
Should clarify the timing to achieve ROE to the level that exceedd the cost of capital	Considering this issue together with the new medium-term management plan, which will start in FY2024

Recognizing as a continuous issue

Outside assessment

NIKKEI Integrated Report Award

Won the Grand Prix (for the first time in the banking industry)

2023 IR Special Award

Won the IR Special Award (for the first time among regional banks)

SAAJ 公益社団法人 日本証券アナリスト協会 The Securities Analysts Association of Japan

We were selected as the Company of Remarkable Improvement in Disclosure

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- **Easy-to-understand disclosure of the status of responses and recognition of issues based on the results of dialogue with investors and the main opinions expressed therein (→Point III. 3)**

Source: Concordia Financial Group, Ltd. Information Meeting (FY2023 Financial Results and initiatives to enhance corporate value) (May 21,2024), Page33
https://ssl4.eir-parts.net/doc/7186/ir_material_for_fiscal_ym13/156381/00.pdf

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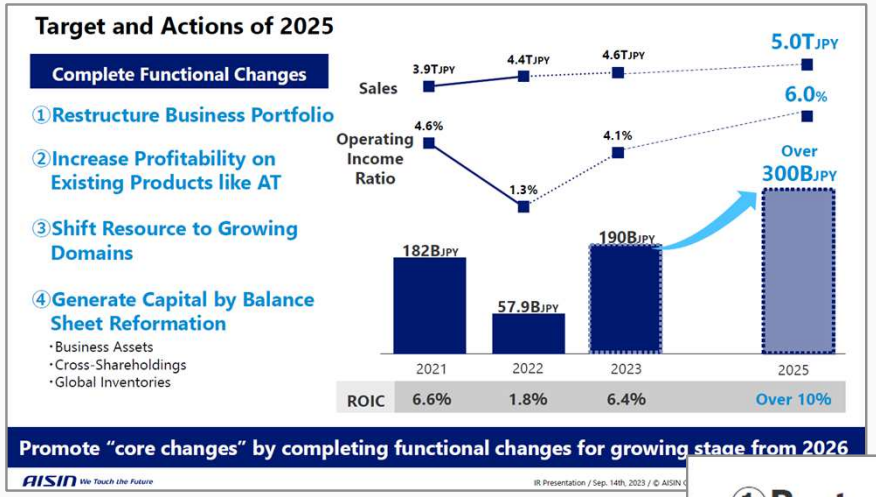
AISIN CORPORATION (7259) (i)

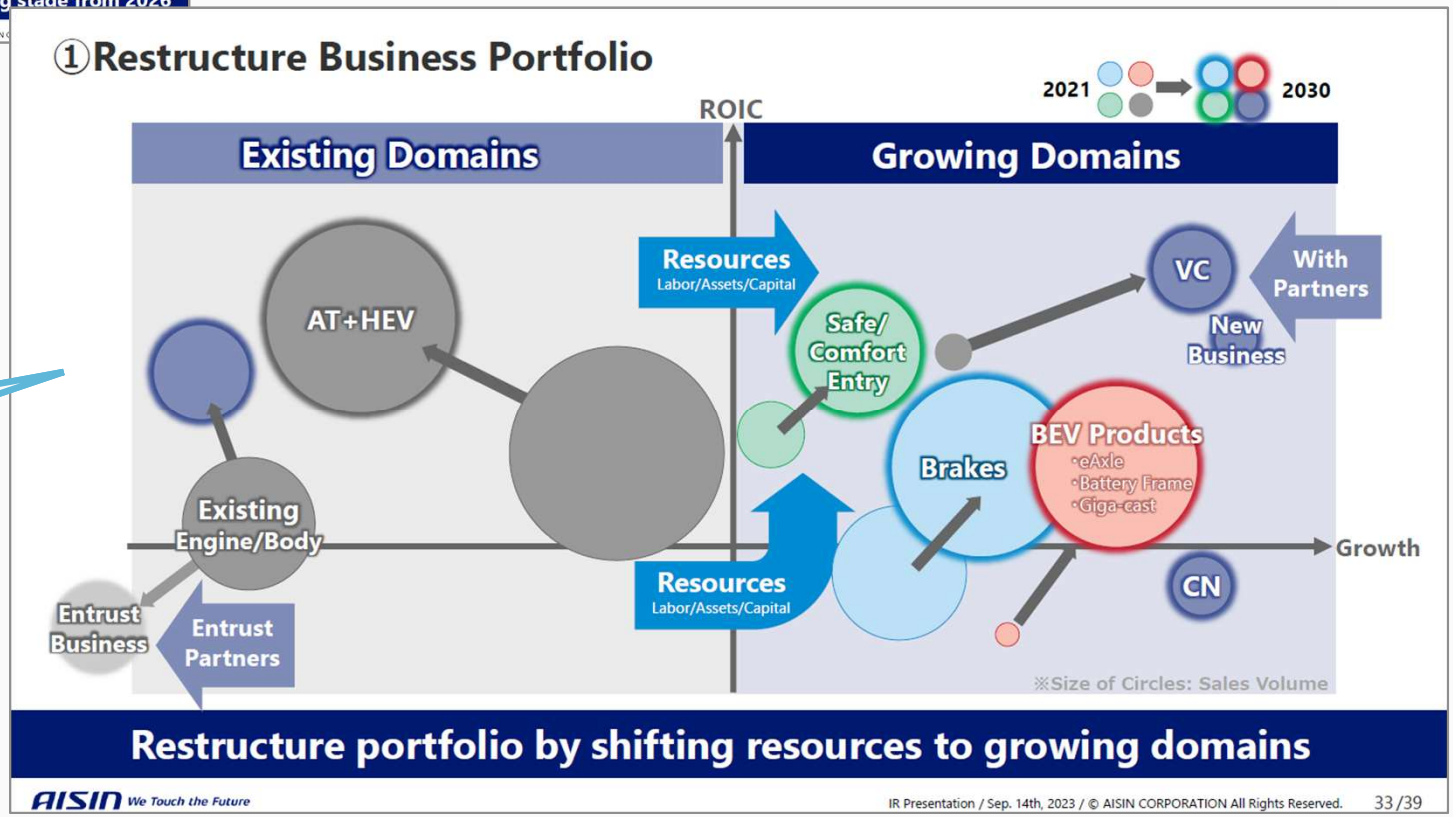


Voice of Investors

The report is highly commendable because it presents specific initiatives that investors expect, such as providing a ROIC and growth potential conscious business portfolio restructuring and promoting balance sheet reforms that show a serious approach to reform.

September 2023 announcement

- **After analyzing the profitability and growth potential of each business, the report clearly states that the company will promote the revision of its business portfolio by shifting resources to growth areas over the medium to long term. (→Point II. 2)**



Source: AISIN CORPORATION, Mid/Long-term Business Strategy Briefing (September 14, 2023), Page32-33
https://www.aisin.com/en/investors/settlement/uploads/79b9fa400f8a646064ea4de9e573be75_5.pdf

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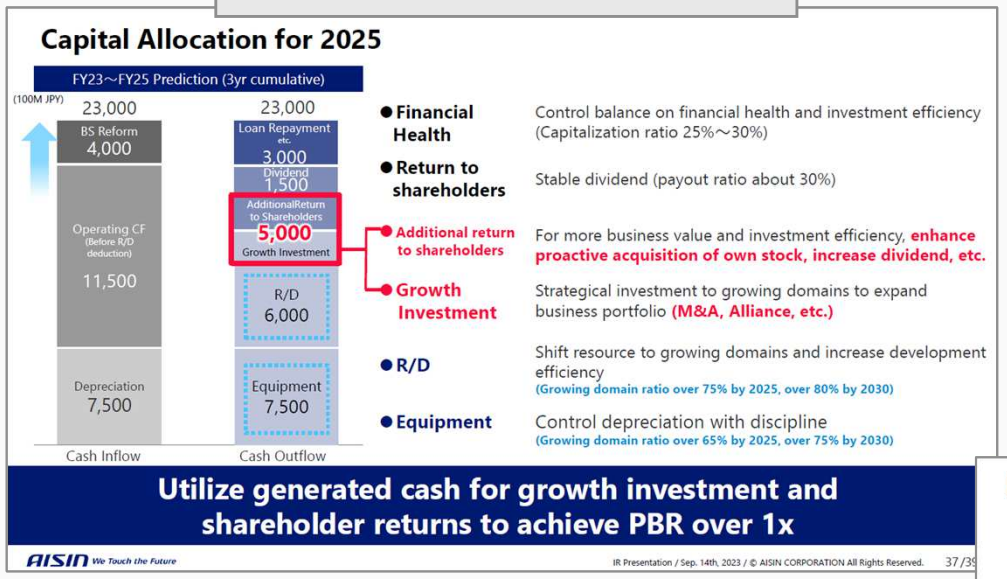
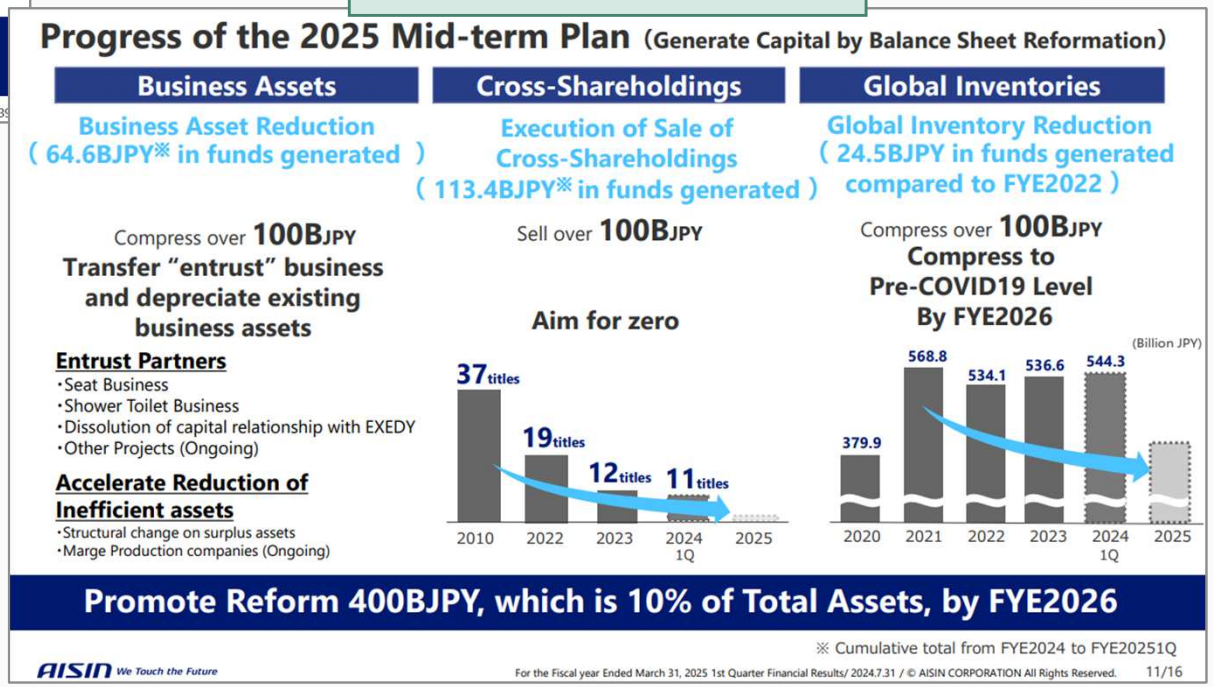
AISIN CORPORATION (7259) (ii)

September 2023 announcement



- By reducing assets through **balance sheet reform**, the company aims to **generate cash, actively inject funds into shareholder returns and growth investments**, and improve corporate value. **(→ Point II. 2)**

July 2024 announcement



Source: AISIN CORPORATION,
(Top) Mid/Long-term Business Strategy Briefing (September 14, 2023), Page37
https://www.aisin.com/en/investors/settlement/uploads/79b9fa400f8a646064ea4de9e573be75_5.pdf
(Bottom) For the Fiscal year Ended March 31, 2025 1st Quarter (April 1, 2024 to June 30, 2024) Financial Results (July 31, 2024), Page11
https://www.aisin.com/en/investors/settlement/uploads/fy2025_q1_presentation-e_1.pdf

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July 2024 announcement

Implementation of Capital Policy Aiming to Reduce Capital Costs

(Announced June 27th)

Secondary Offering of Shares	**Diversify shareholder base and increase the number of shareholders who grasp and support us from a long-term perspective** Total amount of the selling price：198,291,645,600yen Number of shares to be offered ：38,941,800shares （The percentage compared to the total number of issued shares(excluding treasury shares):14.5%） *Including secondary offering by way of Over-allotment
Cancellation of Treasury Shares	**Cancellation of treasury stock to eliminate concerns about share dilution** Total number of shares to be cancelled：25,000,000shares （8.5% of the total number of issued shares before the cancellation）
Stock Split	**To create an environment that makes it easier to invest in shares of the Company and to expand the investor base.** Stocks will be split into three shares per share on September 30,2024 (Total number of issued shares prior to the stock：269,674,634shares⇒Total number of issued shares after the stock split：809,023,902shares)
Stock Repurchases	**Stock repurchases for more business value and investment efficiency** Aggregate amount of repurchase cost：100,000,000,000yen（maximum） Total number of shares to be repurchased ：17,000,000shares（maximum） （The percentage compared to the total number of issued shares(excluding treasury shares):6.3%）

Aim to achieve sustainable growth and increase corporate value over the mid/long-term by improving investment efficiency and expanding business in growth areas.

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- The company is working to **reduce the cost of shareholders' equity through capital policies such as secondary distribution of shares, share splits, and share buyback.** **(→ Point II. 3)**

Source: AISIN CORPORATION, For the Fiscal year Ended March 31, 2025 1st Quarter (April 1, 2024 to June 30, 2024) Financial Results (July 31, 2024), Page10
https://www.aisin.com/en/investors/settlement/uploads/fy2025_q1_presentation-e_1.pdf

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Case21 ASAHI INTECC CO.,LTD. (7747) (i) New!

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JPX

President and Investor Dialogue

1-2

Global Headquarters and R&D Center

Aiming to enhance the quality of life of patients around the world, Asahi Intecc will continue to be counted on by doctors all over the world with the keywords of its global niche and technological orientation.

Theme 1 My story of joining Asahi Intecc and progress since listing

As an R&D-oriented company, Asahi Intecc has rapidly grown since it was listed on the stock market, inheriting DNA that values technology and manufacturing.

Watanabe: The image of the president of Asahi Intecc as you, Mr. Miyata, has completely taken root. There are good and bad aspects of family management, but I feel that top-down management works well at Asahi Intecc. First of all, please tell me the details of how you joined the company. Can you also tell me about the difficulties you've had since joining the company, what you've found challenging, and how you've studied management?

CFO and Investor Dialogue

4-1

As a balancer with a bird's-eye view of the entire company, I place great importance on providing objective opinions based on numerical values.

Role of CFO

Development of the management base as part of the growth strategy

Watanabe: I have watched your company as an analyst from its listing up to 2020. Your growth since the IPO has been remarkable, and I believe that the company has also undergone a major in-house transformation during this process.
Today, I would like to ask you about the background to the growth, what you have been thinking about as a CFO, and your future mindset.

Ito: Thank you for your time. Asahi Intecc has been growing gradually while experiencing various changes since it went public.
I am still very grateful to Mr. Watanabe for continuing to deliver relevant and important information to the stock market, even during times where we had twists and turns, we were in a transition period and we received severe market evaluations. I'm glad to have this opportunity with you.

Watanabe: Looking back on the history of Asahi Intecc, I think it can be classified into several stages. The first stage is the initial growth through a partnership with Abbott Laboratories. The second stage is the expansion of your global market share by strengthening your product lineup while gradually changing the sales structure in each region, focusing on Abbott. The third stage is to further expand your business areas, including M&A, and strengthen new fields. Now, you are on the third stage. During this period, you have not only expanded your business areas, but also conducted M&As to strengthen your defenses from the perspective of BCP. You have also implemented deep business strategies that cannot be measured based on the stereotype of simply going from growth to the next step. Looking back over a long period of time, I can only say that you have successfully achieved the growth stage up to now. Actually, I think there were some efforts and difficulties as CFO during this period, and I would like to ask you what you think looking back.

Ito: Thank you for your great review. Looking back over the past 20 years, we can deduce that the stage has changed in such a way, but the strategy that we set out when we went public is still ongoing, and we have a sense that the

Global Headquarters and R&D Center

Asahi Intecc Co., Ltd.
Director, General Manager of Administration Division, General Manager of Corporate Strategic Office
Mizuho Ito

Mizuho Securities Co., Ltd.
Director of Equity Research Department
Hidekatsu Watanabe

Asahi Intecc Group Integrated Report 2023

Voice of Investors

The fact that the management team and outside directors actively engage in dialogue with investors and introduce the content of these discussions in the integrated report shows that the company is committed to incorporating investor perspectives into its management. In addition, the CFO's explanation of the company's awareness of the level of cost of capital shows that the company is conscious of investor perspectives.

Outside Director and Investor Dialogue

7-1

We share our vision for sustainable growth and encourage efforts to address various issues, such as fostering organizational culture.

Asahi Intecc Governance

Role as Outside Director

Hyogo: I have many opportunities to talk with outside directors of various companies, but I feel that the role of outside directors varies depending on the company. The purpose of the dialogue with outside directors is to confirm whether governance is functioning. I sometimes ask board members to share the views of minority shareholders, and by talking with outside directors who are not executives or investors and who view the company from a slightly stepped back position, I sometimes become aware of corporate culture or corporate structure that I had not previously realized. I would like to get this kind of awareness today, so thank you in advance.
First of all, if Asahi Intecc's governance is to be divided into two, the management board and the monitoring board, could you please tell me which one you recognize for Asahi Intecc's governance, Mr. Kusakari?

Kusakari: At present, I recognize it as the management board. However, when I first became an outside director, the board was willing and examining to move to a monitoring board in the future even though it is currently a management board. From the perspective of an investor, I make suggestions to the management regarding the move to a monitoring board. It is very difficult for an organization to change instantly, and it takes time to establish the structure. Right now, the board is in transition, and I feel it on my skin that the move will start changing.

Hyogo: The fact that Mr. Kusakari has been appointed as outside director implies the Company's stance of changing the governance. I understand that it will take time for the management board to change to the monitoring board. I would like to keep an eye on the future progress. By the way, Mr. Kusakari, you are in the position of outside director while being an investor. What do you think are the advantages and disadvantages?

Kusakari: I think Asahi Intecc is a rapidly growing company from an investor's perspective. Naturally, there

In Tokyo R&D Center

Asahi Intecc Group Integrated Report 2023 96

- **Management and outside directors hold dialogues with investors, and these are introduced in the integrated report. (→Point III. 1)**

Source: ASAHI INTECC CO.,LTD., Integrated Report 2023 (December 25, 2023), page13,44,96, (Red lines added by TSE)
https://www.asahi-intecc.co.jp/sites/default/files/2024-07/Asahi-Intecc%20Integrated%20Report%202023.pdf

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Case21 ASAHI INTECC CO.,LTD. (7747) (ii) New!

TOPIX Mid400 | Precision Instruments

Ito: Currently, the organization has grown in size, and the HR Department and the PR Department have been changed to come under the direct control of the President. I am grateful that I was able to manage the core systems and accounting in a unified and consistent manner for the past several years. In the times of the former CFO, it was a rewarding experience that he accepted my opinions and entrusted me with such a big role. There are still many issues to be addressed, but the number of highly qualified and trustworthy subordinates who have a common understanding of essential issues and problems is steadily increasing, and organizational skills are increasing. I have a sense that it is becoming possible to solve problems systematically rather than individually as in the past.

Watanabe: Another important role of the CFO is to consolidate opinions within the company and communicate with outside stakeholders, and to coordinate opinions between the outside and inside of the company. Are there any points or challenges you pay attention to in performing that role?

Ito: Our company's internal directors are those specialized in technology, development, production, sales, etc., respectively and all have a high level of experience. Most of the members are on the side of executing and managing the business, and I am the only person in an administrative function. The business side naturally wants to invest a lot of management resources for business growth. Under this circumstance, as the CFO, who is required by institutional investors to make the company grow in line with stock prices, annual budgeting is always a challenge. While each division is responsible for making decisions about the detailed allocation of resources for business operations, it is also important for the company to consider the large allocation of resources and capital efficiency of the entire company. Therefore, there is no end to the discussion among directors on the executive side about whether the allocation is appropriate and how to improve profits. President Miyata listens directly to the demands of capital markets through IR activities, so he understands both positions and makes a final decision. I sometimes talk to CFOs of other companies. As a person who communicates the voice of the capital market within the company, I think there are challenges not only in our company but also in every company in balancing the allocation of management resources and the capital efficiency of the entire company. Especially in the short term rather than the medium to long term, I think it is an eternal issue for business companies to decide how to find a compromise between the voices of the stock market and internal demands.

Watanabe: When I was an analyst for your company, I remember you being rather careful in your choice of words. I think you explained the difference between what analysts thought about earnings forecasts and what your company thought, and you were concerned about how to implement controls for over- or under-expectations of growth. In addition, I believe that your IR system was well balanced in that President Miyata sent out positive strategies and drives while Ms. Ito suppressed them. You said, "As the CFO, who is required by institutional investors to make the company grow in line with stock prices, annual budgeting is always a challenge." I think, this means that, differently from your formal attitude towards the outside stakeholders, you sometimes explain to the members within the company with the attitude, "If we don't improve our growth potential, we won't be able to gain confidence from the stock market." By the way, what is the calculated capital cost? What is the current ROE level?

Ito: We have set the capital cost at 5%. ROE for the FYE

- **In a discussion between the CFO and an investor, the CFO explains the company's approach to cost of capital and how it is being established within the company. (→Point I. 1)**

June 2022 was 10.2%. (Capital cost is 5.5% and ROE is 10.4% for the FYE June 2023)

Watanabe: I think 5% is a little low. What do you think? Also, the equity spread is about 5%. Is the concept of capital cost rooted in your Board of Directors, including in M&A cases?

Ito: Some institutional investors have suggested that the capital costs disclosed by our company could be higher. According to the calculation based on current financial and market trends, the figure is 5%. I believe that investors are requesting the disclosure of capital costs, including the stance that profit growth rate should be higher.
Regarding whether the concept of capital cost is rooted, major new products and projects are discussed at each responsible level using the NPV (Net Present Value) method and the IRR (Internal Rate of Return) method, and of course, they apply capital costs to this process. We also consider and make decisions on large-scale investment projects, such as M&As, based on DCF, taking into account capital costs. In that sense, it's not perfect, but I think it's rooted.
At the time of the previous financing, institutional investors pointed out that there was little discussion on B/S. They were of the opinion that a company with this scale is no longer sufficient simply with the idea that if P/L is good, B/S will inevitably improve. As a result, we introduced ROIC as an important management indicator after discussion at the Board of Directors.

Watanabe: A proper B/S is one of the perennial unanswered questions, but I think the important thing is that you are able to talk to investors all the time and how open the doors are. In last year's Integrated Report, there was an in-depth discussion about the previous finances. Do you feel that the opinions and responses of investors and capital markets following the financing or following the Integrated Report last year are properly understood in the company?

Ito: In the previous Integrated Report, I had a frank discussion about it with Mr. Hyogo, Chief Fund Manager of Mitsubishi UFJ Trust and Banking Corporation, which is one of our Institutional Investors.
After that, we received comments and responses from many people, including from investors and business companies, saying, "Well, you posted the conversation as it was." I hope they also understand our company's transparency. To bring it back to the original topic, there were various options, such as a regular public offering, a method that emphasizes cash on hand at the time of the M&A, or a bank loan. As a result, it was decided after an internal review that it was important to obtain cash on hand before the M&A. We received harsh opinions, but on the other hand, it was important for us to obtain funding at any timing. For this reason, we have received opinions from institutional investors with a high ownership ratio that we should make returns properly by growing in the future. Financing is based on the premise of future growth, and it is important for the Board of Directors to take responsibility for future growth over the medium to long term.

Watanabe: For financing, there may be many things that you cannot talk about, differently from the side of the capital markets. Is there a side where the scenery we see is different?

Ito: I think there are various things such as which time frame we are thinking about and how we think about the advantages of being listed.
Because we understand that the opinions of capital

Source: ASAHI INTECC CO.,LTD., Integrated Report 2023 (December 25, 2023), page46-47
(Red lines added by TSE)
https://www.asahi-intecc.co.jp/sites/default/files/2024-07/Asahi-Intecc%20Integrated%20Report%202023.pdf

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RICOH COMPANY,LTD. (7752) (i)

New!

TOPIX Mid400

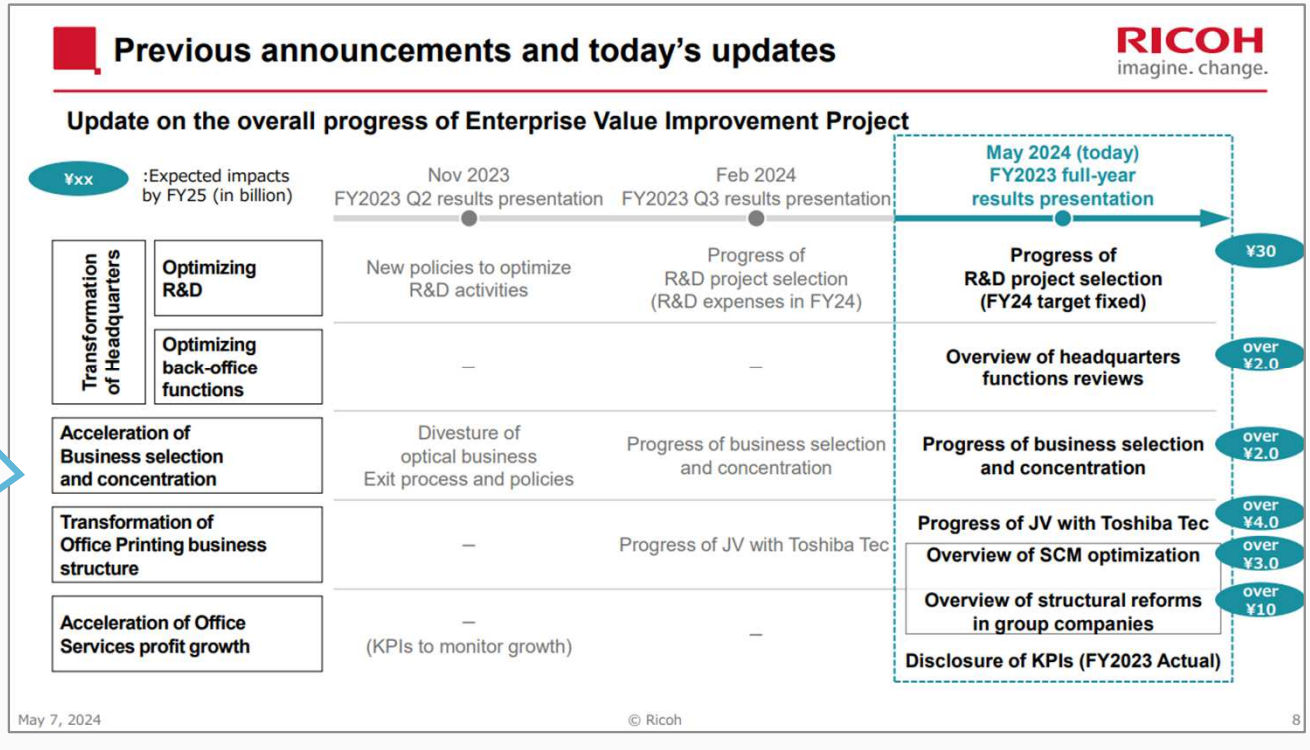
Electric Appliances

JPX

Voice of Investors

The company has been disclosing progress on the initiatives set out in its Medium-Term Management Plan, not only in quantitative terms but also in qualitative terms, making it easy to understand the current situation and future direction. In addition, while many companies are still considering whether to downsize or withdraw from unprofitable businesses as part of a review of their business portfolios, the company is actually putting its plans into action, which is also worthy of praise.

May 2024 announcement



Previous announcements and today's updates

RICOH imagine. change.

Update on the overall progress of Enterprise Value Improvement Project

¥xx :Expected impacts by FY25 (in billion)

		Nov 2023 FY2023 Q2 results presentation	Feb 2024 FY2023 Q3 results presentation	May 2024 (today) FY2023 full-year results presentation	
Transformation of Headquarters	Optimizing R&D	New policies to optimize R&D activities	Progress of R&D project selection (R&D expenses in FY24)	Progress of R&D project selection (FY24 target fixed)	¥30
	Optimizing back-office functions	–	–	Overview of headquarters functions reviews	over ¥2.0
Acceleration of Business selection and concentration		Divesture of optical business Exit process and policies	Progress of business selection and concentration	Progress of business selection and concentration	over ¥2.0
Transformation of Office Printing business structure		–	Progress of JV with Toshiba Tec	Progress of JV with Toshiba Tec	over ¥4.0
				Overview of SCM optimization	over ¥3.0
Acceleration of Office Services profit growth		– (KPIs to monitor growth)	–	Overview of structural reforms in group companies	over ¥10
				Disclosure of KPIs (FY2023 Actual)	

May 7, 2024 © Ricoh 8

- **The CEO and CFO report on the progress of the various initiatives aimed at improving corporate value set out in the medium-term management strategy at quarterly financial results briefings.**
  (→Point III. 4)

Source: RICOH COMPANY,LTD., Progress Report on Enterprise Value Improvement Project (May 7, 2024) page1,8
https://www.ricoh.com/-/Media/Ricoh/Sites/com/IR/data/pre/pdf/r05q4_3.pdf

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RICOH COMPANY,LTD. (7752) (ii)

New!

TOPIX Mid400

Electric Appliances

JPX

May 2024 announcement

Acceleration of Business Selection and Concentration

RICOH imagine. change.

Key initiatives

- Strategically allocate resources to **Workplace as the focus area** where Ricoh's strengths can be leveraged
- The businesses reviewed in the PFM will **explore exit strategies and targeted with financial contribution by FY2025**

Progress to date

Withdrawal from low profit businesses

- **6 businesses are in progress and at the final phase of the exit process** (out of targeted 10 businesses)
- Accordingly, **signed Share Transfer Agreement for the optical business in October 2023 and divested eDiscovery Services business in April 2024**
- **Expand business review for further impact** with criteria around market potential, ROIC and compatibility with digital services

Organize new businesses

- Steady progress towards completion for the businesses with exit strate

May 7, 2024 © Ricoh

November 2024 announcement

From Structural Reforms to Profit Growth

RICOH imagine. change.

Progress of Initiatives

		Expected effects by FY2025 (compared to FY2023, in billions) FY2024 Q1	To date
Transformation of Headquarters	Optimizing R&D	about ¥15	about ¥15
		over ¥30 on cash basis	
	Optimizing back-office functions	over ¥2.0	over ¥2.0
Acceleration of business selection and concentration		over ¥2.0	over ¥5.0
Transformation of Office Printing business structure	Production and Development JV	over ¥4.0	over ¥4.0
	SCM optimization	over ¥3.0	over ¥3.0
Acceleration of Office Services growth	Structural reforms in group companies	over ¥10	over ¥23
	Total	over ¥36	over ¥52

Effects progress to date

- Acceleration of Business selection and concentration: Decision made to **exit PLAiR and other businesses**
- Structural reforms in group companies: **Further structural reforms implemented overseas**
- Decision made to implement a **Second Career Support Program*** in Japan

Latest one-time cost

- One-time cost：
  ¥10 billion → **¥33 billion**
  (All incorporated into FY2024 forecast)
  - Acceleration of Business selection and concentration: +¥4.0 billion
  - Structural reforms in group companies: +¥3.0 billion
  - Second Career Support Program*: +¥16 billion

*Refers to an early retirement program only in Japan

Accelerating Profit Growth

Seeing growth signs such as stable growth in recurring revenue, wins from AI technology of natif.ai and DocuWare integration, and adoption to METI's project 'GENIAC'

Nov 8, 2024 © Ricoh 4

- **The company has set out to accelerate the "selection and concentration" of its businesses in order to improve its corporate value, and is promoting the withdrawal and sale of low-profit businesses, with specific disclosures on the progress of these measures. (→Point II. 2)**

Source: RICOH COMPANY,LTD.,
(Left) Progress Report on Enterprise Value Improvement Project (May 7, 2024) page13
https://www.ricoh.com/-/Media/Ricoh/Sites/com/IR/data/pre/pdf/r05q4_3.pdf
(Right) Progress Report on Corporate Value Improvement Project (November 8, 2024) page4 (Red frame added by TSE)
https://www.ricoh.com/-/Media/Ricoh/Sites/com/IR/data/pre/pdf/r06q2_3.pdf

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ASICS Corporation (7936)

New!

1. Qualitative information for consolidated business results

Forward-looking statements in the text are our estimation as of the end of the six-month period.

Major initiatives during the six-month period

Here is an explanation on the above-mentioned secondary offering of shares and sale of all cross-shareholdings held by the ASICS Group within the year.

ASICS has worked on drastic management reforms, including transition to a category management structure, since 2018. On the operational aspect, as a result of continuously addressing the improvement of product mix/channel mix and region mix, we made a V-shaped business recovery, and could substantially achieve targets called for in the Mid-Term Plan 2023 in the previous year. In addition, we have also focused on systematically communicating to the capital market that there are various measures for management reforms behind this trend of business results, and these measures have functioned in conjunction with the business promotion. A large growth in margins has also made us recognize that ASICS is about to solidify its position as a global brand.

In such a situation, as we have always recognized the need to raise the stage on the aspects of capital policy and financial strategy as well, we have also held discussions and proceeded with careful examinations at the Board Meetings and the Executive Board Meeting since the beginning of this year. In this process, we made decisions to acquire own shares during the first quarter of this year, conduct a stock split and resulting increased dividend payments in or after the six-month period, and expand the shareholder benefit, among others. At the same time, while we have held discussions with companies whose shares are held by the ASICS Group as cross-shareholdings in an effort to sell all the cross-shareholdings held by the ASICS Group, we have also proactively approached shareholders such as financial institutions holding shares of ASICS as cross-shareholdings with regard to sale of the shares in parallel.

As we gained understanding from the above-mentioned companies whose shares are held by the ASICS Group as cross-shareholdings and most shareholders such as financial institutions, we announced the secondary offering of shares and the sale of all the cross-shareholdings held by the ASICS Group within the year. Accordingly, we hope to pursue corporate governance of global-standard level and also become a front-runner in the capital market. Specifically, we intend to: (1) improve capital efficiency and fulfill our accountability to the capital market; (2) fully face the global capital market; (3) win over quality institutional investors; (4) expand individual investors/promote "OneASICS management"; and (5) reduce capital cost. (For details, please review the timely disclosure "Notice Concerning Secondary Offering of Shares " released on July 12.)

With regard to the secondary offering of shares, the conditions were determined on July 23. As with competitors in the global market, we no longer have a shareholder structure where stable shareholders exist as large shareholders. The shareholding ratio of large-cap-oriented, long-only and growth-focused overseas institutional investors increased, and 15,210 individual shareholders also bought shares . We received comments from participants in the capital market including overseas investors,

such as "The action of ASICS toward elimination of cross-shareholdings in the Japanese market can be highly appreciated. This move will lead to revaluation of Japanese stocks as a whole," and "I felt reasonable planning on the point that ASICS first conducted a stock split and expanded the special benefit plan to make it easier for individual investors to buy its shares." In this regard, we believe we could achieve our initial objective of this initiative at present.

Voice of Investors

The company is actively working to resolve cross-shareholdings, and its strong management commitment to using a sense of management urgency to improve corporate value is evident. The company's proactive approach to attracting global investors is progressive and positive, and we hope it will spread to other companies.

- In order to improve capital efficiency, the company has disclosed its **policy of selling off all cross-shareholdings and using the cash obtained for growth investment and shareholder returns**. At the same time, with the aim of attracting institutional investors and retail investors with a medium- to long-term perspective and reducing the cost of shareholders' equity, the company is **encouraging shareholders with cross-shareholdings of the company's shares to sell them, and conducting a secondary distribution of the company's shares**. **(→Point I. 3 & Point II. 3)**

Result

Rebuilt shareholder structure

More shareholders expect long-term ASICS growth

Individual investor	Institutional Investors
15,210 stockholders purchased shares	**127** firms purchased shares
(as of the end of 2023: 33,855 stockholders)	(of which, 94 firms were new investors)

Source: ASICS Corporation

(Left) Summary of Consolidated Financial Statements For the Second Quarter and the Six Months Ended June 30, 2024 (August 13, 2024), page3-4

https://assets.asics.com/system/libraries/3297/Summary%20of%20Consolidated%20Financial%20Statements%20For%20the%20Second%20Quarter%20and%20the%20Six%20Months%20Ended%20June%2030,%202024%20%28Japan%20GAAP%29.pdf?_ga=2.188089192.190457090.1730847531-1770301678.1676545724

(Right) Consolidated Financial Summary For the Second Quarter and the Six Months Ended June 30, 2024, (August 13, 2024), page7

https://assets.asics.com/system/libraries/3326/Consolidated%20Financial%20Summary%20For%20the%20Second%20Quarter%20and%20the%20Six%20Months%20Ended%20June%2030,%202024.pdf?_ga=2.155910395.1505118079.1731472517-1613846406.1731472517

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Investment Highlight/ NICIGAS' Growth Story

NICIGAS has been growing by increasing customer number of Energy Retail and focuses on return to shareholders.

- To achieve ¥15.0B net income and ROE 22% in FYE 03/26.
- 100%+ return to shareholders, focusing on dividend. Will allocate cash for return to shareholders, while investing for the further growth.

① **Profit Growth with Customer Number Expansion**
NICIGAS increases LP and Electricity customers, resulting in profit growth. LP Gas market is highly fragmented. Will create exponential growth through market consolidation.

② **Higher Capital Efficiency, ROE Management**
Will achieve ROE 22% in FYE 03/26. Will enhance ROIC and optimize capital-to-asset ratio to 40%. Plans 100%+ return to shareholders and will further increase return to shareholders, focusing on dividends.

③ **Mid- to long-term Strategy**
With the advantage of the last mile energy company, improving corporate value while working to decarbonize. The means to achieve this is to evolve the business to Energy Solution. Aims ¥500B market cap in FYE 03/31.

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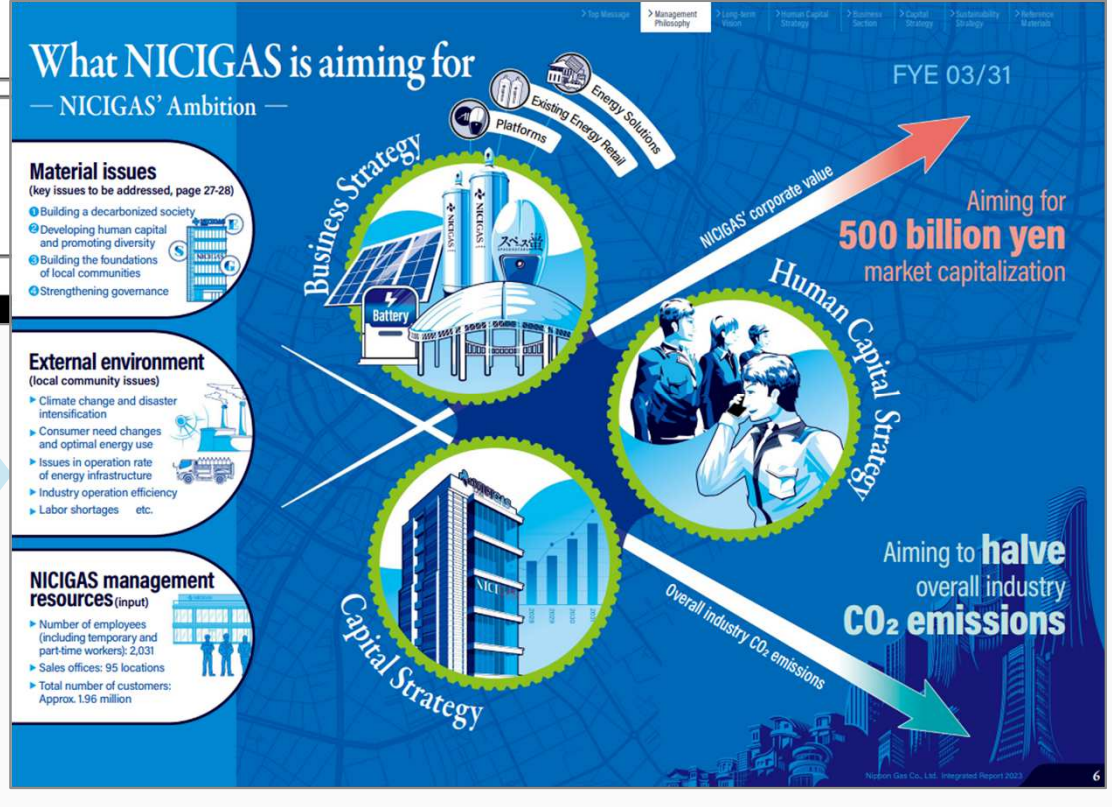
Voice of Investors

The company demonstrates full awareness of the perspectives of shareholders and investors by presenting a growth story from a long-term perspective and formulating a medium- to long-term balance sheet plan and cash flow allocation policy.

- The company describes their desired growth story in their long-term vision and disclose efforts to achieve it (→Point II. 5)



Source: NIPPON GAS CO., LTD,
(Left) NICIGAS' Growth Strategy (Last updated: October 29, 2024), page1
https://ssl4.eir-parts.net/doc/8174/ir_material_for_fiscal_ym21/111262/00.pdf
(Right) Integrated Report2023, page6
https://ssl4.eir-parts.net/doc/8174/ir_material_for_fiscal_ym6/147488/00.pdf

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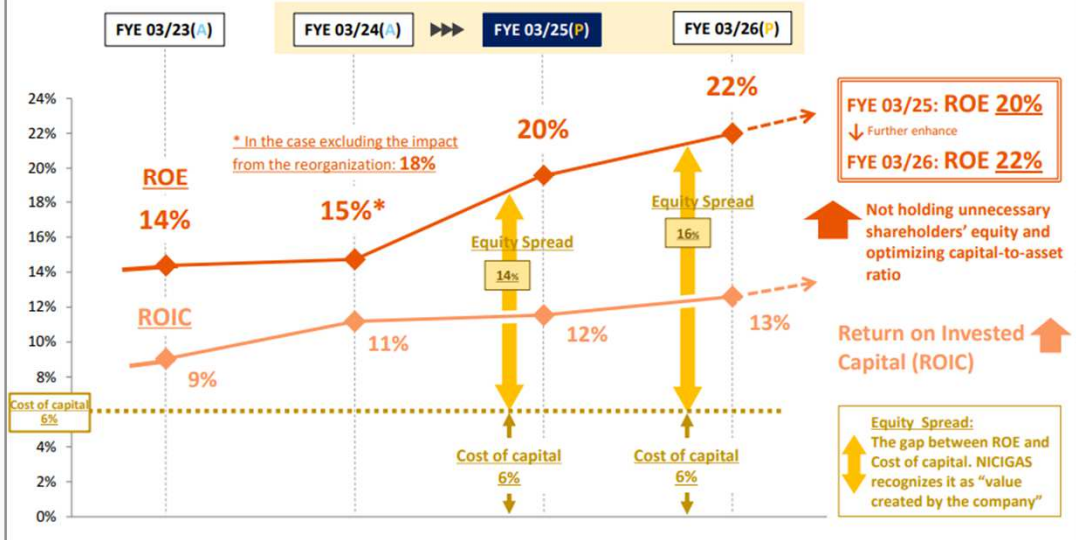
Financial Strategy: Plan of ROE and ROIC(FYE03/24-FYE03/26)

NICIGAS

Will achieve 20% ROE in FYE 03/25 & 22% in FYE 03/26. Will enhance ROIC by increasing "higher profit generating asset". Optimizing capital-to-asset ratio in the 3 years without holding unnecessary shareholders' equity.



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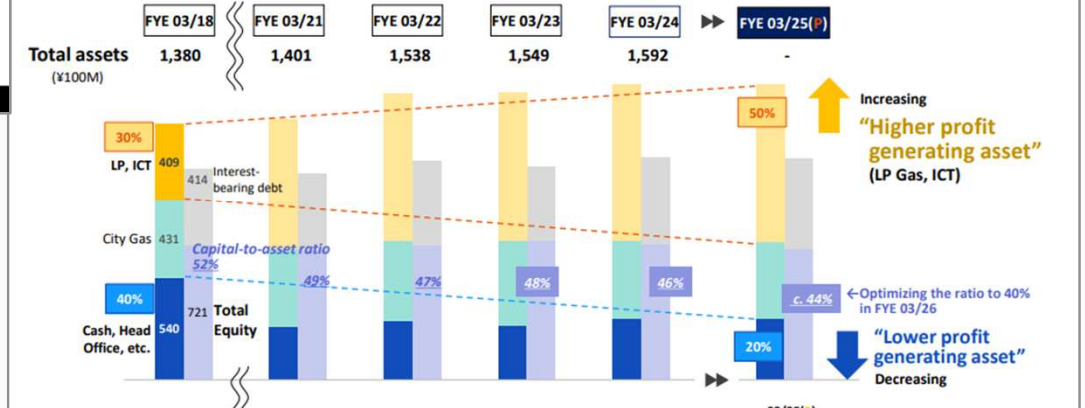
- **After clearly stating its policy of not having unnecessary shareholder equity, the company discloses its medium- to long-term balance sheet plan. (→Point I. 3 & Point II. 2)**

Financial Strategy: B/S Control

NICIGAS

Financial strategy is to maximize the performance of shareholders' equity. Without expanding asset amount largely, increasing "higher profit generating asset". Returns to shareholders without holding unnecessary shareholders' equity.



	FYE 03/18	FYE 03/21	FYE 03/22	FYE 03/23	FYE 03/24	03/25(P)
Net Income(¥100M)	78	94	100	106	108	140
ROIC(*1)	7%	9%	8%	9%	11%	12%
ROE(*2)	11%	14%	14%	14%	15%	20%

Net Income growth

Without largely expanding equity

	03/18	03/25(P)
Net income	¥7.8B	¥14.0B
Total equity	¥72.1B	¥[70.0]B
ROE	11%	20%

(*1) ROIC=NOPAT (current year) / (average of current FYE and previous FYE of "Interest-bearing debt + Total Equity")
(*2) ROE=Net Income (current year) / (average of current FYE and previous FYE of Total Equity) (*1)(*2) Digits rounded after the first decimal point

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Source: NIPPON GAS CO., LTD,
(Left) NICIGAS' Growth Strategy (Last updated: October 29, 2024), page16-17
https://ssl4.eir-parts.net/doc/8174/ir_material_for_fiscal_ym21/111262/00.pdf

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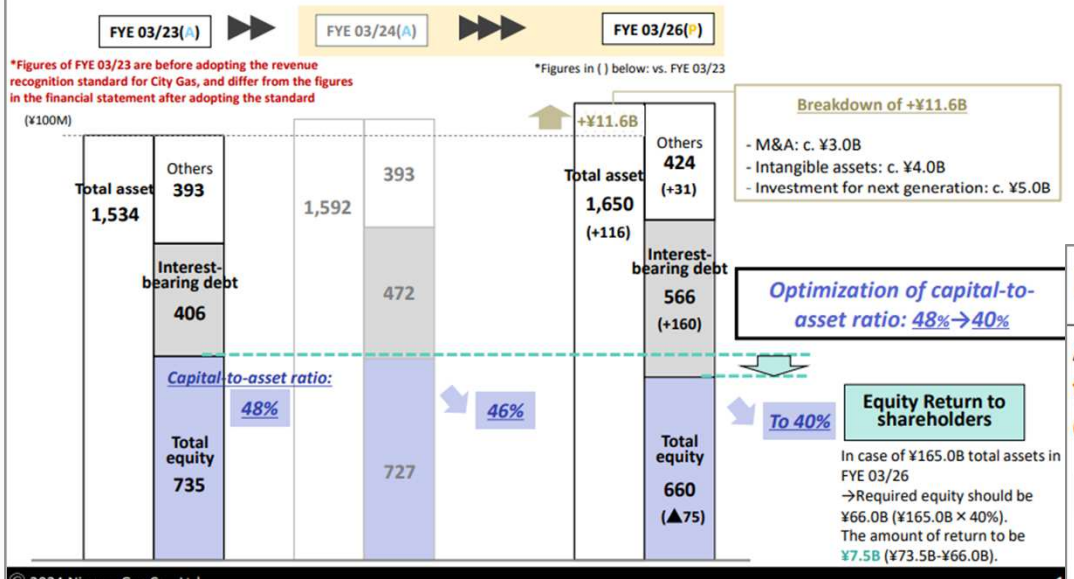
Financial Strategy: B/S Control

NICIGAS

Will optimize capital-to-asset ratio by decreasing the ratio from 48% to 40% with the leverage. Assumes return of shareholders' equity through optimization.



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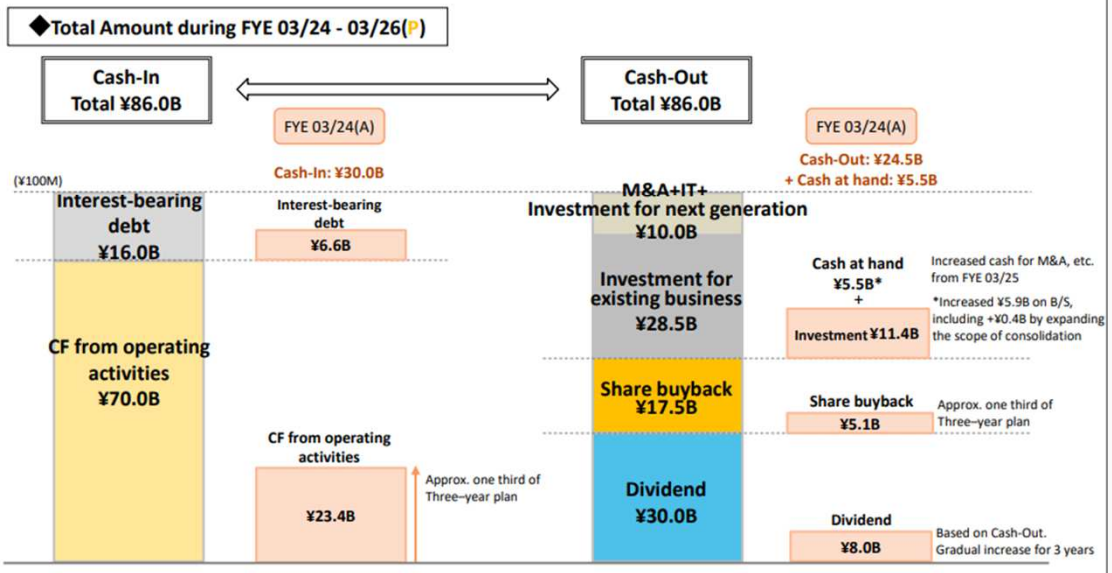
- **Discloses the cash flow allocation plan in an easy-to-understand format. (→Point II. 2)**

Financial Strategy: CF Allocation

NICIGAS

Allocation of ¥86.0B Cash-In in 3 years: ¥38.5B for Investment and ¥47.5B for Return to Shareholders. For the return, will focus on dividend and allocate ¥30.0B for dividend in 3 years.



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Source: NIPPON GAS CO., LTD,
(Left) NICIGAS' Growth Strategy (Last updated: October 29, 2024), page18-19
https://ssl4.eir-parts.net/doc/8174/ir_material_for_fiscal_ym21/111262/00.pdf

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MARUI GROUP CO.,LTD. (8252) (i)

TOPIX Mid400

Retail Trade

Voice of Investors

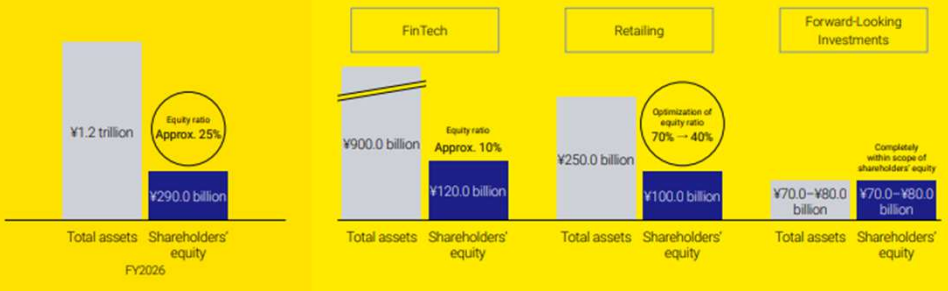
The company is actively working to improve its performance even though it has a P/B ratio of over 1, and its approach to this is commendable, as demonstrated by its disclosure of its "target balance sheet" in line with its business structure reforms, along with a breakdown by segment.

DEVELOPMENT OF OPTIMAL BALANCE SHEET MATCHED TO BUSINESS STRUCTURE REFORMS

At the time of formulation of the previous medium-term management plan, MARUI GROUP was supported by its credit card business, which has been consistently generating earnings since the launch of the EPOS card in 2006. This situation made for a business structure through which the Company was able to sustain steady growth. The targeted balance sheet defined in this plan was based on the transition to this business structure driven by the FinTech segment. As a result of this emphasis, we were able to build the balance sheet we targeted by optimizing the capital structure in this segment.

The balance sheet we are targeting in the fiscal year ending March 31, 2026, the final year of the new medium-term management plan, will require us to optimize the capital structure of the Retailing segment, which generates stable cash flows. Our balance sheet will also see a large shift in the ratio of capital allocations from tangible assets to intangible assets in conjunction with the creation of a new business model incorporating forward-looking investments. The forward-looking investments driving this shift, which include co-creative investments and new business investments, have the potential to produce significant returns, but also carry significant risks. For this reason, we intend to limit the amount of assets associated with forward-looking investments to the scope of shareholders' equity. With this focus, MARUI GROUP will reorient its investments toward intangible assets with the goal of improving corporate value by evolving into an intellectual creation company.

Balance Sheet Targeted under Medium-Term Management Plan



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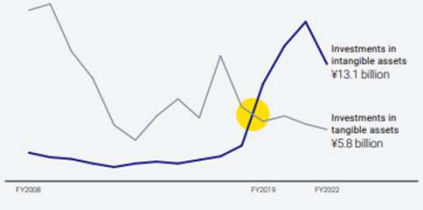
- **Presents the company's "target balance sheet" in line with the innovation of the business structure, together with a breakdown by segment. (→Point I. 3)**

- **Discloses the cash flow allocation plan. (→Point II. 2)**

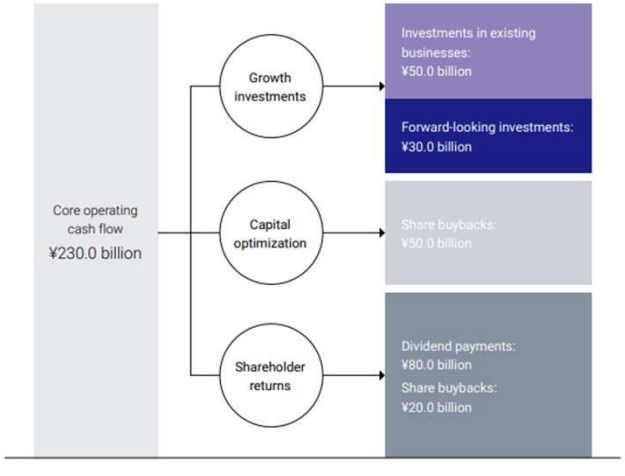
Shift Toward Investment in Intangible Assets

In the fiscal year ended March 31, 2019, the amount invested in intangible assets surpassed the amount invested in tangible assets. Moreover, investments in intangible assets in the fiscal year ended March 31, 2020, were 7.6 times higher than in the fiscal year ended March 31, 2015, and twice the amount invested in tangible assets. Our portfolio of intangible assets will be growing over the five years following the fiscal year ended March 31, 2022, as we have earmarked ¥80.0 billion of the core operating cash flow to be generated over this period for forward-looking investments and other growth investments in intangible assets. In addition, we plan to allocate ¥50.0 billion to share buybacks for the purpose of optimizing our capital structure and ¥100.0 billion to shareholder returns, which will comprise ¥80.0 billion in dividend payments and an additional ¥20.0 billion in share buybacks.

Amounts of Investment in Tangible and Intangible Assets



Capital Allocation Plan (April 1, 2021–March 31, 2026)



19

Source: Marui Group CO.,LTD., Medium-Term Management Plan (Last updated: June 2024), Page 18-19
https://www.0101maruigroup.co.jp/en/ir/pdf/plan/2022/mp2022_all_en.pdf

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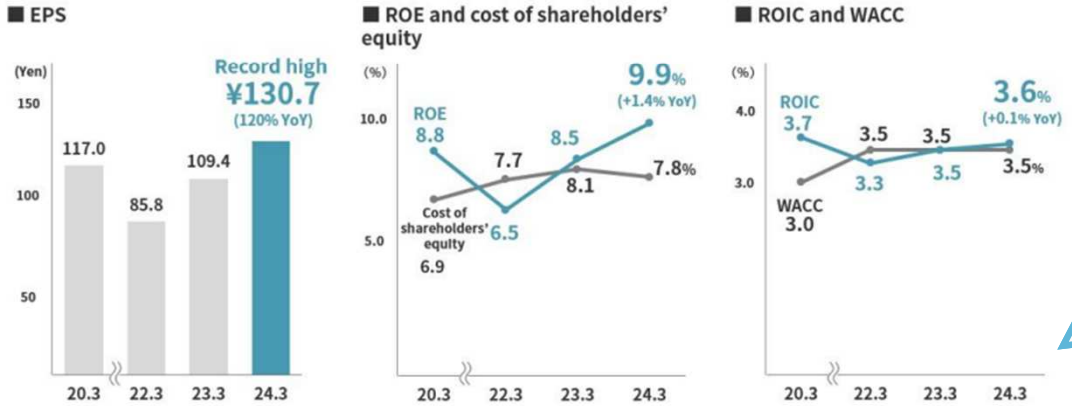
MARUI GROUP CO.,LTD. (8252) (ii)

Principle 5.2: Establishing and Disclosing Business Strategies and Business Plans

The Company shall formulate management strategies and plans based on the corporate philosophy and an accurate understanding of the Company's capital costs (shareholders' equity costs and weighted average cost of capital) and disclose related information. The progress of these management strategies and plans is to be confirmed and analyzed annually. When deemed necessary, revisions shall be instituted with regard to areas such as business structures or plans for allocating management resources to new business investments, capital investments, or investments in human resource development.

In the fiscal year ending March 31, 2026, the final year of the current medium-term management plan, the Company is targeting earnings per share of ¥200.0, return on equity of 13%, and return on invested capital of 4%. In the fiscal year ended March 31, 2024, earnings per share was ¥130.7, up 20%, or ¥21.3, year on year, reaching a new record high as a result of earnings growth and capital measures. Return on equity was 9.9%, up 1.4 percentage points, surpassing the level of shareholders' equity costs of 8.1%, while return on invested capital was 3.6%, up 0.1 percentage point, exceeding the level of weighted average cost of capital, which was 3.5%.



- **Despite a PBR greater than 1, the company will actively promote initiatives to further improve it.**
  (→Point I. 2 & Point II. 1)

Source: MARUI GROUP CO.,LTD., Corporate Governance Report (Date of Latest Update: July 5, 2024), page36-37 https://www.0101maruigroup.co.jp/pdf/cgr_en.pdf

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SEIBU HOLDINGS INC. (9024) (i)

New!

TOPIX Mid400

Land Transportation

JPX

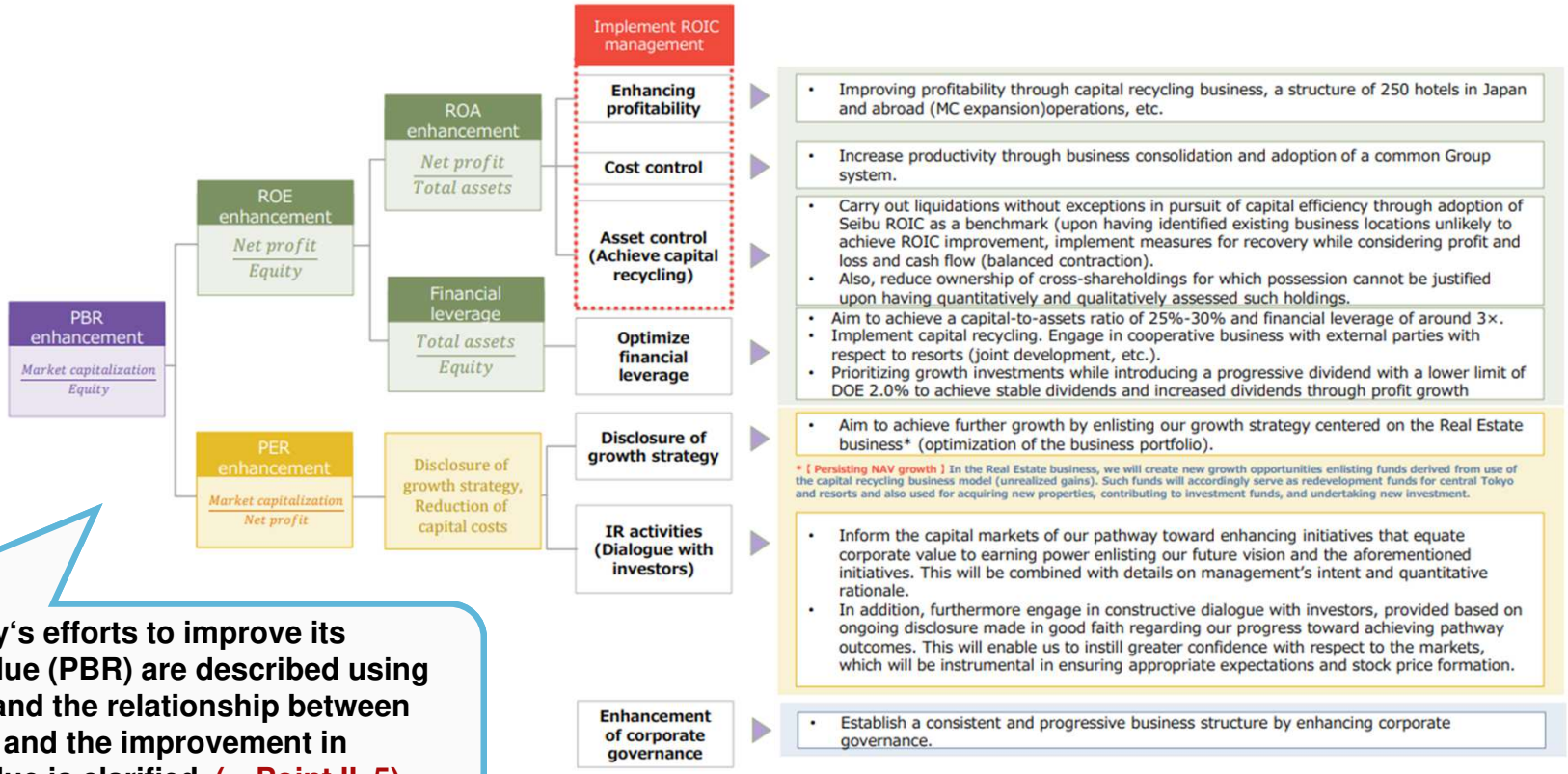
Voice of Investors

In the real estate business, the company has presented a strategy to increase real estate value (growth in NAV) through a conversion from a "business model centered on ownership" to a "rotating model," and other initiatives that are conscious of efficiency are being promoted. The strategy of aiming to increase the earnings of income-producing real estate, which can be a discount factor if it is simply held, is a precedent that many companies that hold income-producing real estate should learn from.

Value creation narrative

Financial strategy (initiatives to enhance PBR)

Seibu Holdings



- **The company's efforts to improve its corporate value (PBR) are described using a logic tree, and the relationship between these efforts and the improvement in corporate value is clarified. (→Point II. 5)**

Source: SEIBU HOLDINGS INC., Seibu Group's Long-term Strategy to 2035 FY2024-FY2026 Medium-term Management Plan (May 9, 2024), page22
https://ssl4.eir-parts.net/doc/9024/announcement8/99179/00.pdf

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Value creation narrative

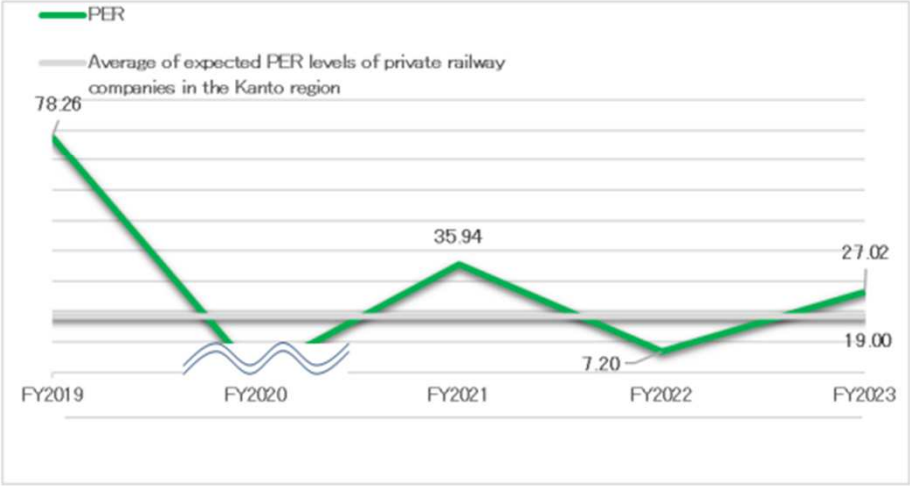
Awareness of circumstances underpinning market valuation (stock price)

Seibu Holdings

Whereas adjusted PBR currently exceeds 1×, we will seek to achieve further profitability gains and NAV growth by pursuing our medium- to long-term strategy.

PBR

PER



(Note 1) Adjusted PBR has been calculated to include net assets per share used in calculating PBR, combined with the product of unrealized gains from real estate for lease, etc. (after tax) as of the end of each fiscal year added to equity at the end of each fiscal year.
(Note 2) Unrealized gains from real estate for lease, etc. (after tax) have been calculate[illegible] fiscal year-end figures from March 31, 2023.

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- In addition to the nominal PBR, **the company also calculates a "revised PBR" using net assets that add in the unrealized gains on rental and other real estate, with the consciousness of improving capital efficiency. (→Point I. 2)**

Source: SEIBU HOLDINGS INC., Seibu Group's Long-term Strategy to 2035 FY2024-FY2026 Medium-term Management Plan (May 9, 2024), page23 (Red lines added by TSE)
https://ssl4.eir-parts.net/doc/9024/announcement8/99179/00.pdf

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SEIBU HOLDINGS INC. (9024) (iii)

New!

TOPIX Mid400

Land Transportation

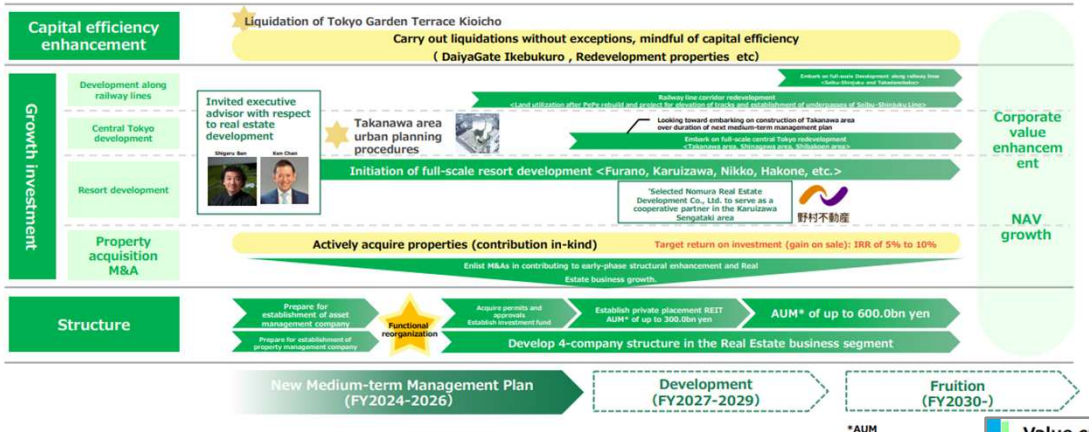
JPX

Value creation narrative

Real Estate business (growth strategy overview)

Seibu Holdings

- Break away from the previous "business model centered on ownership" to adopt the "capital recycling model," and achieve maximization of real estate value and corporate value by fully utilizing "real estate" and "funds" of the Group.
- As for "capital efficiency enhancement," carry out liquidations without exceptions, including liquidation of Tokyo Garden Terrace Kioicho.
- As for "growth investment," conduct central Tokyo and railway line corridor development, resort development, property acquisition and M&A, etc., using funds arising from liquidations.



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- With the aim of improving the capital efficiency of the real estate business, decisions on whether to continue to hold or liquidate, and on new development and acquisition, are made using ROIC and IRR. (→Point II. 2)

Value creation narrative

Real Estate business (Capital efficiency enhancement)

Seibu Holdings

- Aiming to enhance capital efficiency, conduct operations in the real estate business with a thorough emphasis on exceeding business-specific hurdle rates across the board
- Using IRR for new development and acquisition properties, and ROIC for existing owned properties, aim for a balanced business portfolio between stable income (development and leasing) and sales profit (investment management)Conscious effort to achieve an operating profit balance of approximately 5:5

Properties subject to liquidation

- Targeting all properties without exceptions owned by our group
- Considering future development possibilities and rights relations with others, implementing liquidity of Tokyo Garden Terrace Kioicho within fiscal 2024
- During the medium-term management plan period (fiscal years 2024-2026), starting concrete examinations on liquidity, including incorporation into funds (including REITs) for Daiyagate Ikebukuro, existing hotels (considering the combination with resort development), residences along the Seibu line, and Nishiazabu Residence, aiming for AUM of 100 billion yen by fiscal 2030
- Planning to sequentially liquidate future development properties in urban and resort areas, including Emi Terrace Tokorozawa (Tokorozawa Station West Exit Development Plan), at or after the development stage

Investment criteria for real estate business

Existing owned properties	Distinguishing between continued ownership/liquidity based on ROIC and further growth potential
New development properties	Making investment decisions based on IRR, considering self-development, collaborative development with other companies, and bare land sales
Newly acquired properties	Deciding on acquisitions based on IRR (conscious of 5%-10% or more), not only for long-term holding but also for initiatives assuming future liquidity

Liquidation of Tokyo Garden Terrace Kioicho

Opening: 2016
- Urban complex consisting of Kioi Tower (office and hotel)
- Kioi Residence
- Urban complex using Akasaka Prince Classic House

- Agreement likely to be concluded during FY2024 and liquidate our holdings by year end, but effects of this have yet to be factored in at this point in time.
- "From fiscal 2024, real estate sale revenue in the real estate rotation business is planned to be accounted for as operating revenue.
- We aim for results that contribute maximally to the group's growth through further discussions and negotiations with potential partners regarding the details of the liquidation."

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Source: SEIBU HOLDINGS INC., Seibu Group's Long-term Strategy to 2035 FY2024-FY2026 Medium-term Management Plan (May 9, 2024), page27-28
https://ssl4.eir-parts.net/doc/9024/announcement8/99179/00.pdf

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Roadmap 2028
Create Value Using a Reverse ROE Tree

Aim to achieve ROE of 8.0% within 3-5 years by improving earning power and actively promoting shareholder returns

Drivers of ROE improvement

- 1 Steady growth of the Less than Truckload business
- 2 Growth of the logistics business
- 3 Growth of the charter business
- 4 M&A and open innovation

→ **Operating revenue growth**: Organic growth of around 4%/year + M&A

- 1 Increase profitability through better efficiency in the Less than Truckload business
- 2/3 Increase the proportion of operating revenue from the highly profitable logistics and charter businesses

→ **Improved profitability**: Operating margin of around 5.8% (4.5% in FY03/23)

- 5 Maintain DOE of 4.0% or more and continue to steadily acquire treasury stock (¥30.0bn acquisition planned for FY03/24)

→ **Capital policies**: Equity ratio to an appropriate level (63.2% in FY03/23)

Achieve both economic and social value

ROE of 8.0% or higher

Grow **Operating income by 10% or more annually**

Grow **EPS by 15-20% annually**

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Voice of Investors

The company provides disclosure that leads to deeper dialogue, such as the use of a logic tree to clearly show how each initiative will lead to increased corporate value. In addition, the use of employee stock ownership plans to provide employees with incentives to increase corporate value over the medium to long term is also highly regarded as an initiative to accelerate management efforts to achieve corporate value enhancement.

Enhancing the Employee Stock Ownership Plan So That Increased Corporate Value = Economic Value for Employees

We will provide employees with incentives to enhance corporate value over the medium to long term. At the same time, we will promote membership in a stock ownership plan as a way to enhance employee benefits.

Shares held

- We will strengthen the employee stock ownership plan so that increased corporate value = economic value for employees.
- Overview of employee stock ownership plan
  Members: 5,289
  Shares held: 2,190,000
  (16th largest shareholder)
- Incentive plan
  FY03/22 to FY03/26 (four years)
  At the end of the period, the amount of increase in the share price during the period will be distributed in proportion to the number of shares accumulated by each member.
- Employees can share in the goal and sense of achievement as we work toward a PBR of more than 1x.

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- **The ROE to be achieved by 2028 was shown, and** working backward from there, **the efforts to improve each of the components of ROE were described. (→ Point II. 5)**

- **The company will utilize an employee stock ownership plan, and after a certain period of time, distribute to members the portion of increased share price achieved during the period. (→Point II. 4)**

Source: Seino Holdings Co., Ltd., Long-Term Vision and Roadmap 2028 Toward Enhanced Corporate Value through Green Logistics (June 12, 2023), page17,44
www.seino.co.jp/seino/media/pdf-lib/shd/ir_eng/financialdata/irday_2023_en.pdf

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Ⅰ. TOPIX Core30、TOPIX Large70

Ⅱ. TOPIX Mid400

Ⅲ. TOPIX Small

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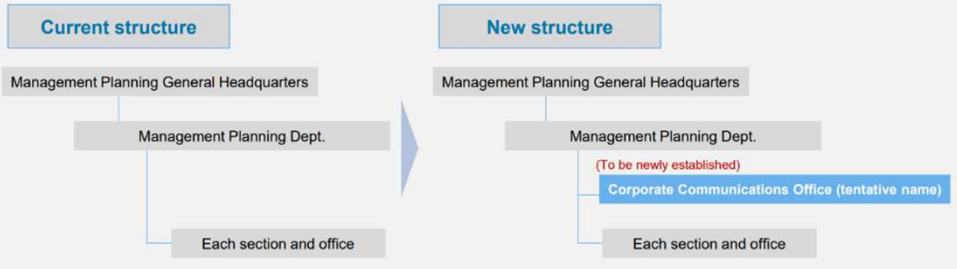
TOA CORPORATION (1885) (i)

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.



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Voice of Investors

Establishment of a new department dedicated to investor relations and efforts to enhance information disclosure show that management is committed to improving the way it deals with shareholders and investors, and investors can expect accelerated efforts to increase corporate value in the future.

- **The company established a dedicated department to strengthen IR activities** and **works to enhance information disclosure, including English disclosure, based on on investors' opinions. Opinions obtained through dialogue are reported to the board on a regular basis** and **reflected in the review of measures. (→Point III. 1)**

Source: TOA CORPORATION, Action Plan to Improve Price-to-Book Ratio (May 12, 2023), Page6-7
https://pdf.irpocket.com/C1885/ba4w/CWen/bNjb.pdf

Create Value. Build the Future
TOA CORPORATION

4. Strengthening of IR activities (2) Enhancement of information disclosure

We received advice from shareholders and investors that information disclosure should be enhanced in order to fully promote the quality of the Company, including expanding disclosures in English.
We will further expand the disclosure of both quantitative and qualitative information. We will improve our English-language disclosures, particularly for overseas institutional investors.

1) Enhanced quantitative information	2) Enhanced qualitative information
Enhanced supplementary material on financial results Starting from disclosure documents for the FY ended March 31, 2023	Establishment of IR Day (from FY2023)
i) Additional information required by investors Provide additional information such as background information about the target plan at the beginning of the term and follow up information on any deviations from the original plan during the term.	i) A detailed explanation of each business line's strengths (domestic civil engineering, domestic construction, and international) * About one hour (including a Q&A session) for each business line.
ii) Disclosure in English Approximately two weeks after the announcement of financial results, an English version of the supplementary material on financial results will be disclosed.	ii) A detailed explanation of our sustainability policies and initiatives * Human capital, climate change, etc.

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TOA CORPORATION (1885) (ii)

Create Value, Build the Future
TOA CORPORATION

4. Strengthening of IR activities (3) Revision of annual calendar

In FY2023, we will hold IR-related events as follows to proactively approach securities companies, institutional investors, and individual investors.
Opinions obtained through dialog with investors are regularly reported to the Board of Directors, and measures will be reviewed as appropriate.

April to June	July to September	October to December	January to March
Financial results briefing		Financial results briefing	
○ Enhanced supplementary material on financial results and disclosures in English	○ Establishment of IR Day ○ Disclosure of sustainability information		○ Holding of briefing sessions for individual investors

Site tour

Number of individual IR related sessions: 37 times in FY2022
⇒ Establish a system that can hold such sessions on more than 100 times a year by FY2025

Small meetings held as appropriate

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- **The company provides regular reports to the board members on opinions obtained through dialogue with investors and reviews their measures to reflect those opinions. (→Point III. 1)**

Create Value, Build the Future
TOA CORPORATION

Reference 2) Main opinions obtained through dialog with shareholders and investors in FY2022

Shareholders and investors have generally understood the stable growth potential of our main business. However, there were suggestions that we need to improve our approach, particularly with regard to shareholder returns and IR activities. We have implemented some measures but will make further improvements.

1) Approach to shareholder returns, etc.	2) Lack of IR activities and information disclosure, etc.
Priority should be given to increasing the value per share by buying back shares when the share price is low and increase the dividend when the stock price is rising.	The Supplementary Material on Financial Results discloses past figures only for the second and fourth quarters, and the gross profit is not known. Since I cannot formulate a model, I would like you to disclose the other past figures as well. (=> Disclosures have been already made since FY2020)
	The Supplementary Material on Financial Results needs to be disclosed in English.
	The reason why the price-to-book ratio is low even though it is comparable to other companies in the same industry is largely due to a lack of recognition by the market. I would like you to disclose trends in an easy-to-understand manner and emphasize your quality well.
The 20–30% dividend payout ratio (set in the previous medium-term management plan) is not sufficient. It is necessary to improve the dividend payout ratio.	Among marine constructors, you have a future, and I feel that you can differentiate yourselves from the competition, so I think the price-to-book ratio is at a comparatively cheap level. However, I do not feel after holding shares for five years that there has been an increase in the number of long-term investors. IR should be strengthened.

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- **They provide disclosure of major opinions expressed in dialogue with shareholders and investors and the status of subsequent responses (→Point III. 3)**

Source: TOA CORPORATION, "Action Plan to Improve Price-to-Book Ratio" (May 12, 2023), Page8, 11
https://pdf.irpocket.com/C1885/ba4w/CWen/bNjb.pdf

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TSI HOLDINGS CO.,LTD. (3608) (i)

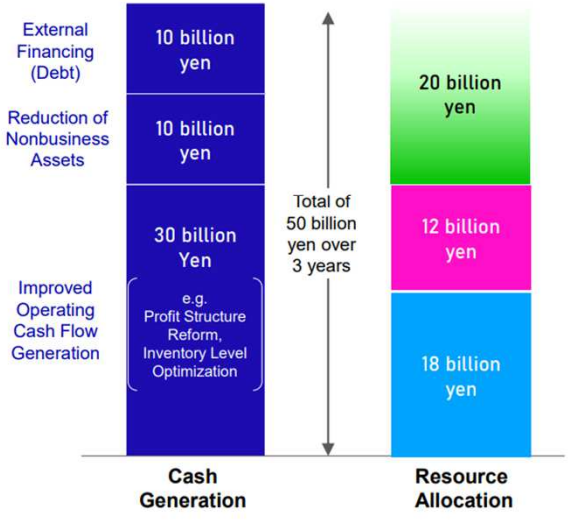
New!

TOPIX Small

Textiles and Apparels

Resource Allocation Policy for the Three-Year Medium-Term Business Strategy

By optimizing profit structures and divesting inefficient assets, we can enhance profitability, strengthen cash flow, and build a solid foundation for future growth and strategic investments.



Investment in Growth
- Investment in new business models
- Open large consolidated stores, integrate site/customer base
- Create new projects, M&A

Investments to Upgrade Infrastructure and Improve Efficiency
- Maintenance of Existing Stores
- New Core System Development and Software Update
- Investing in Digital Transformation in Logistics and Supply Chain

Shareholder Return Policy
- Dividend payout ratio over 30%.
- Repurchase of treasury stock: Total 10 billion yen (During the period of the medium-term management plan)
- Target DOE of 4.0% for FYE Feb 2027

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Voice of Investors

The company's growth strategy, cost reduction plan, and capital efficiency are systematically and concretely disclosed. In addition, the company's commitment to these initiatives is evident from its reference to setting hurdle rates for individual investment projects and expanding the equity spread.

- **Shows its policy for allocating resources to create cash and redirect funds to investment in growth, etc., and also explains in detail how it creates cash.**
  (→Point II. 2)

Financial Strategy & Capital Management: Cash Generation

Improve cash generation by reforming profit structure and reducing inefficient assets to generate 50 billion yen over 3 years.

Main Strategies and Objectives		Course of Action
Improvement of Operating CF Generation	▶ Profit Improvement ▶ Inventory Efficiency Improvement	▶ Execute profit improvement projects and improve inventory efficiency to generate 30 billion yen in cash over three years.
Reduction of non-business assets	▶ Investment Securities ▶ Real Estate	▶ Generate 10 billion yen in cash through the sale of investment securities and real estate.
External Financing (Borrowings)	▶ Borrowings from financial institutions	▶ Borrow 10 billion yen to invest in growth areas according to the portfolio strategy.

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Source: TSI HOLDINGS CO.,LTD., MEDIUM-TERM BUSINESS STRATEGY (April 12, 2024), page18-19
https://www.tsi-holdings.com/pdf/TIP27_EN.pdf

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Financial Strategy & Capital Management: Resource Allocation

Make strategic investments to strengthen TSI's business foundation and achieve exponential growth.

Categories		Action
Investment in Growth		▶ Invest 20 billion yen over three years to expand existing brands with firm loyalties, build a new business model in the mid to low-price range including potential M&A, and customer touchpoint improvement including stores and e-commerce.
Infrastructure Upgrade / Efficiency Improvements		▶ Invest 12 billion yen over three years for assessment of existing stores (incl. potential withdrawal of underperforming store and replace them with the new store), IT infrastructure (core system, etc.) and Digital Transformation (logistics, supply chain, etc.)
Shareholder Return	Dividend Payout Ratio	▶ Dividend payout ratio of 30%.
	Treasury Shares	▶ Repurchase of treasury stock (10 billion yen over 3 years) to increase shareholder returns.
ROE		▶ For individual investments, use an 8% ROE benchmark as the internal hurdle rate for decision making.
		▶ Achieve ROE of 8% in FYE Feb 2027 through a combination of profit improvement and net assets control.
DOE		▶ Target DOE of 4.0% for FYE Feb 2027.

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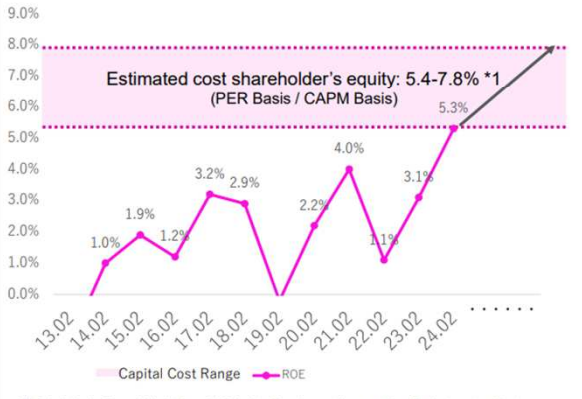
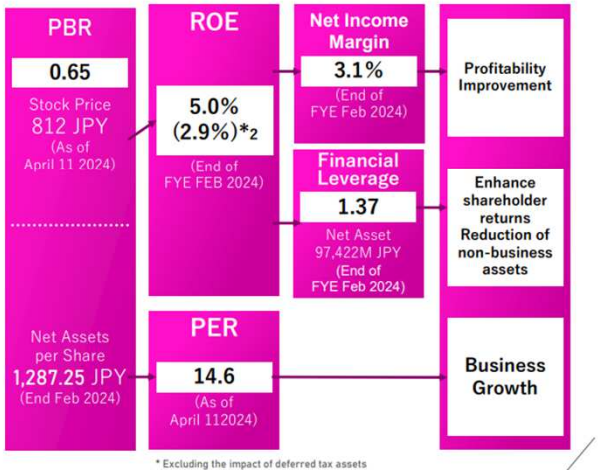
Objectives of Financial Strategy & Capital Management: Achieve PBR of 1 or Greater

To achieve a PBR greater than 1.0, generate a ROE that is higher than the cost of shareholder's equity and increase the equity spread. We also strive to achieve a higher ROE by improving profits, returns to shareholders, and asset efficiency through reducing non-business assets.

ROE transition and current cost of capital for TSI (Range)



※ Calculation by Financial Institutions. *2 Calculated based on net income at the effective tax rate without considering tax effects



* Excluding the impact of deferred tax assets

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- The cost of shareholders' equity is calculated on a **PER and CAPM basis, and is presented as a range**. **(→Point I. 1)**

Source: TSI HOLDINGS CO.,LTD., MEDIUM-TERM BUSINESS STRATEGY (April 12, 2024), page20-21
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CHANGE Holdings,Inc. (3962) (i)

New!

TOPIX Small

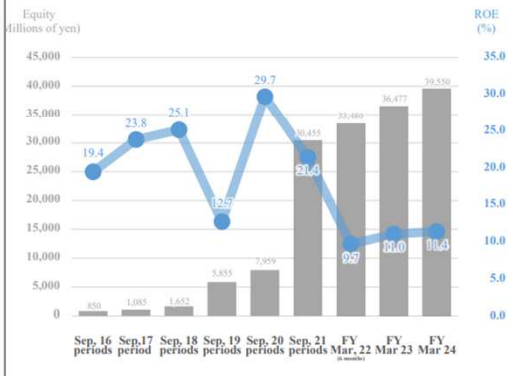
Information & Communication

Current Analysis ~ ROE and PER ~

||| **ROE has been more than 11%* since the listing while PER has been on a downward trend.**

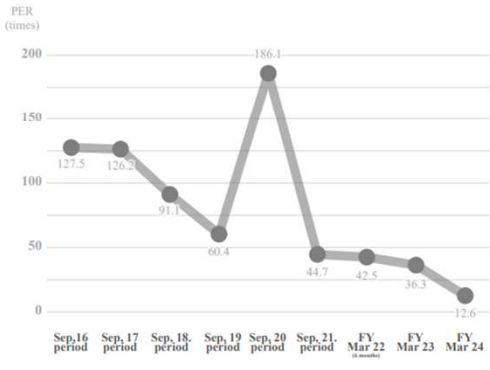
*: Excluding FY ended March 2022 which was an irregular 6-month period

Equity and ROE



※1: For the fiscal year ended March 2022 which was the six-month period, profit (the numerator's) is also calculated by 6 months, so the result was very low.
※2: ROE is calculated by dividing profit attributable to owners of parent by the average amount of the equity at the beginning of the fiscal year and the end thereof.

PER



※3: PER is calculated based on the share price at the end of the fiscal year and our announced financial forecast at that time.

[Notes of caution]

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Voice of Investors

The report includes a careful analysis of the company's current situation, such as taking into account the size premium in estimating the cost of shareholders' equity.

Analyze Current Status ~ PER Analysis ~

||| **Based on interviews with institutional investors, if we assume the cost of equity to be around 10%, the expected earnings growth rate implied in our share price has declined to around 2.0%.**

Assumption of the cost of equity

$$\text{PER} = \frac{1}{\text{The cost of equity} - \text{expected earnings growth rate}}$$

Estimated to be about 10 %.

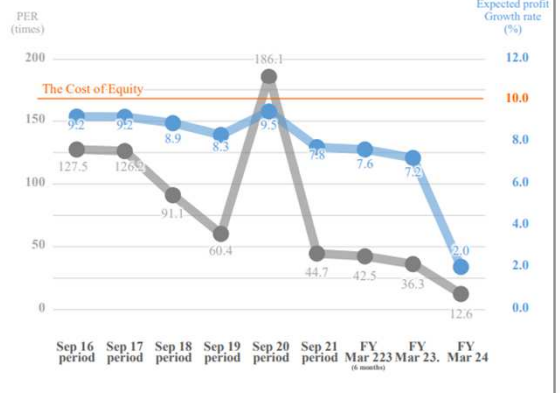
Calculation by CAPM

Risk free Rate	+	β	×	Equity Risk Premium	+	Size Premium *3
0.7~1.8 *1		1.2 *2		6~7		

The Cost of Equity 9~11

*1: Calculated using 10-year and 30-year JGB yields (as of the end of March 2024)
*2: Calculation based on industry type beta in the information service industry
*3: Additional risk premium for small firm stocks

PER and expected earnings-growth rate



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- **The cost of shareholders' equity is calculated by taking into account the size premium** (a risk premium that is applied additionally to the shares of companies with small capitalizations). **(→Point I. 1)**

Source: CHANGE Holdings,Inc., Measures to Realize Management with an Awareness of the Cost of Capital and Share Price（June 25, 2024）Page2-3（Red frame added by TSE）
https://ssl4.eir-parts.net/doc/3962/ir_material3/231851/00.pdf

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CHANGE Holdings,Inc. (3962) (ii)

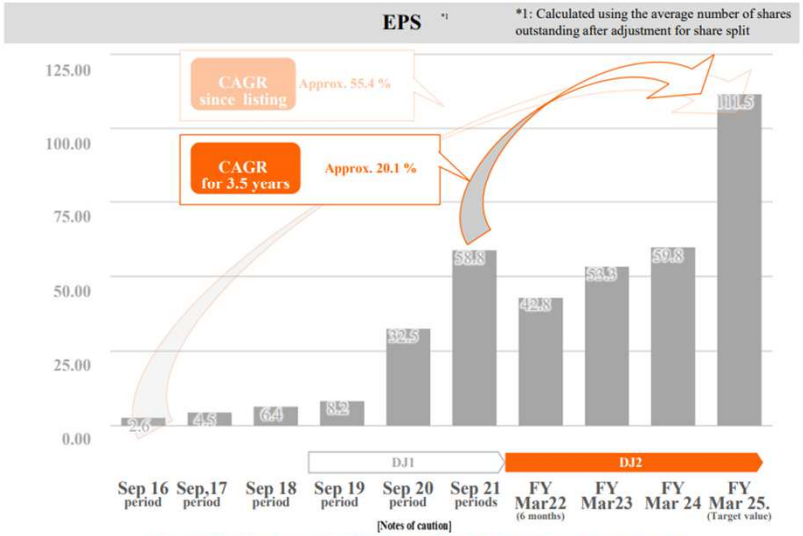
New!

TOPIX Small

Information & Communication

Analysis of Current Status ~ Discussion of Profit Growth Expectations ~

- EPS's growth rate is about 55% since the listing and about 20% even from the recent fiscal year ended Sept 2021.
- There is a large divergence from the current expected PER, and we should strive to gain confidence from investors for our growth potential.



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Measures and Initiatives for Enhancing Corporate Value

- We should pursue the following measures to increase our corporate value.

Overview of measures to increase corporate value			Details of measures
Increase corporate value	Maintain and improve ROE		Implementing business monitoring and portfolio management with an awareness of capital efficiency Utilization of surplus funds (balancing investment and shareholder return) Disciplined financial leverage
	Improve PER	Reduce the cost of equity	Reducing performance volatility by strengthening budgeting and management Enhancement of information disclosure leading to reduction of information asymmetry
		Improve expected growth rate	Formulation of next Mid-term Business Plan (DJ3) and explanation to the market Strengthening IR to foster expectations for our future growth

[Notes of caution]

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Source: CHANGE Holdings,Inc., Measures to Realize Management with an Awareness of the Cost of Capital and Share Price（June 25, 2024）Page4-5
https://ssl4.eir-parts.net/doc/3962/ir_material3/231851/00.pdf

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Voice of Investors

A unique diagram that shows at a glance that management is being carried out with a focus on the balance sheet. In addition, the progress of the factor decomposition of ROIC by business is disclosed. This deepens understanding of the company and leads to deeper dialogue in the future.

SHIKOKU

Analysis of current situation and policies for the present

While ROIC by business increased for Chemicals, it decreased for Housing Materials. ROIC/ROE increased companywide due to the reduction of net assets resulting from the share buyback carried out in February.

Consolidated Balance Sheets (as of 6/30/2024)

[Financial assets]

	FY2023末	FY2024 2Q
	69.8bn	68.8bn (▲0.98bn from the beginning of the year)
(内訳)		
Cash and deposits	29.9bn	24.1bn
Securities		
Investment grade bond scheduled to be redeemed within one year	17.5bn	18.0bn
Investment securities		
Investment grade bond	7.0bn	11.2bn
Cross-Shareholdings	15.3bn	15.4bn

[Excess capital]

Financial income	FY2023	FY2024 2Q
	0.69bn	0.38bn

(Risk buffer retention policy)
Retain 1/3 of annual net sales
(Allocable funds)
Consider shareholder returns, with the amount excluding risk buffers as the capital that can be reduced if there is no urgent demand for funds.
In particular, the reduction of cross-shareholdings is prioritized while working on creating business synergies with companies of cross-shareholdings.

[Business assets]
Trade receivables
Inventories
Property, plant, and equipment/ Intangible assets

	FY2023	FY2024 2Q
[Chemicals]	43.1bn	44.2bn (+1.1bn from the beginning of the year)
[Housing Materials]	14.4bn	14.8bn (+0.4bn from the beginning of the year)
[Group]	61.1bn	63.0bn (+1.8bn from the beginning of the year)

[Investment capital]
(Profit indicators to be compared)
Operating profit after tax by business → ROIC by business

	FY2023	FY2024 2Q
[Chemicals]	30.1bn	32.2bn (+2.1bn from the beginning of the year)
ROIC by business	15.2%	18.4%
[Housing Materials]	8.1bn	8.4bn (+0.3bn from the beginning of the year)
ROIC by business	12.0%	9.2%
[Group]	39.2bn	41.6bn (+2.4bn from the beginning of the year)

[Business liabilities]
Trade payable
Labor liabilities and provisions

[Group capital invested]
(Profit indicators to be compared)
Profit after tax (operating profit + financial revenue) → Group ROIC

(Target ROIC)
Set to WACC as a hurdle rate of ROIC, and aim to achieve WACC of 6% or less by reducing the cost of equity through leverage.

(Current status)
There is a gap between business ROIC and Group ROIC, and the return on invested capital as a whole is declining due to excess capital with low yields.
Aims to improve the return on Group ROIC by reducing excess capital to an appropriate amount.

	FY2023	FY2024 2Q
	109.0bn	110.5bn (▲1.4 bn from the beginning of the year)
Group ROIC	5.8%	6.7%

[Future earnings to be acquired (FCF)]

(Shareholder return)
Carry out promptly, targeting 50% of profit

(Internal reserve)
Prioritize investments in growth and human capital as risk capital

[Net assets in carrying amount]
(Profit indicators to be compared)
Profit → ROE

(Assumed cost of shareholders' equity)
6-8%

(Target ROE)
Set to 8% as a hurdle rate in the short term, and aim to exceed 10% in the future by capital reduction

	FY2023	FY2024 2Q
	86.1bn	80.5bn (▲5.6bn from the beginning of the year)
ROE	9.4%	9.7%

[Interest-bearing debt]
(Basic policy on leverage)
・Actively utilize low-cost funds to the extent that the credit rating can be maintained
・Set D/E ratio to the 30% level

	FY2023	FY2024 2Q
	22.2bn	29.2bn (+7.0bn from the beginning of the year)

[Future net assets]
Maintain ROE and net asset levels that exceed the cost of capital at all times through balance sheet management to secure both aggressive growth strategies and capital efficiency.

* Quarterly ROIC・ROE is converted to the annual rate, and in 1Q, returns ar

- **In order to improve ROE and ROIC, the company conducts an analysis based on the balance sheet, taking into account the progress made, and discloses it together with the policy for improvement. (→ Point I. 3 & Point II. 2 & Point III. 4)**

Source: SHIKOKU KASEI HOLDINGS CORPORATION, Supplemental Information Financial Results For FY 2024 2Q (July 30, 2024), page14
https://www.shikoku.co.jp/wp/wp-content/uploads/2024/09/Supplemental-Information-Financial-Results-For-FY2024_2Q.pdf

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SHIKOKU

Analysis of ROIC Tree

Both Chemicals and Housing Materials operations maintained high capital turnover due to high added value based on low cost ratio and high ROS arising from their niche business areas and R&D capabilities as well as a lower investment burden on production facilities.

Chemicals

- ROIC 18.4% / 15.2%
  - Ratio of operating profit to sales 16.2% / 14.7%
    - Ratio of cost to sales 62.2% / 64.9%
    - Ratio of SG&A to sales 21.6% / 20.4%
      - Ratio of R&D to sales 2.5% / 3.2%
      - Ratio of transportation cost to sales 9.3% / 8.3%
  - Turnover of invested capital 1.56 / 1.44
    - Turnover of working capital 3.01 / 2.96
      - Receivables turnover 3.69 / 3.69
      - Inventory turnover 5.72 / 4.71
      - Payables turnover 8.81 / 6.88
    - Fixed asset turnover (tangible/intangible) 2.51 / 2.01

Housing Materials

- ROIC 9.2% / 12.0%
  - Ratio of operating profit to sales 5.8% / 8.1%
    - Ratio of cost to sales 56.9% / 57.8%
    - Ratio of SG&A to sales 37.3% / 34.1%
      - Ratio of R&D to sales 2.1% / 1.9%
      - Ratio of transportation cost to sales 9.6% / 9.8%
  - Turnover of invested capital 2.24 / 2.31
    - Turnover of working capital 2.90 / 2.81
      - Receivables turnover 3.29 / 3.34
      - Inventory turnover 4.46 / 4.57
      - Payables turnover 5.46 / 6.16
    - Fixed asset turnover (tangible/intangible) 5.47 / 3.99

* Quarterly ROIC is converted to the annual rate, and in 1Q, returns are divided by 2.

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Source: SHIKOKU KASEI HOLDINGS CORPORATION, Supplemental Information Financial Results For FY 2024 2Q (July 30, 2024), page15
https://www.shikoku.co.jp/wp/wp-content/uploads/2024/09/Supplemental-Information-Financial-Results-For-FY2024_2Q.pdf

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RAKSUL INC. (4384) (i)

RAKSUL

Competitive Compensation: Strengthening Equity Incentives

- Our basic purpose and approach to equity incentives have remained the same since the disclosure of our RS system implementation in FY2019 4Q

RAKSUL

Purpose	• To align the incentives and commitment of directors and employees with the maximization of long-term shareholder value • To ensure the competitiveness of our compensation level in order to attract and retain talent which is the foundation of our competitive advantage
Structure	• Structure: restricted stock (RS) and stock options • Simple design that both investors and recipients can expect
Dilution	• Expected dilution of max. 10% over 10 years from FY2019 (around 1% per year) • Designed with flexibility for variation in each year • Abandonment of outstanding Trust SO will reduce dilutive impact by 0.58% (disclosed today) • Our percentage of dilutive shares was 7.3% at IPO and 5.1% as of the end of the fiscal year ending July 2023 - lower than other growing companies (see other pages for stock incentive balance)
Impact on P&L/CF	• Stock-based compensation expense for FY2023 was JPY 652MM per year • Stock-based compensation expense for FY2024 will be maximum JPY 550MM per year [1] • As the impact is neutral in terms of cash flow, we disclose non-GAAP profits, excluding the impact of RS

Notes
(1) Estimate as of September 2023. The amount will be affected by stock price. Decrease from the previous period due to the vesting of s
achievement of performance requirements and the abandonment of the Stock Acquisition Rights No.15 (Trust SO)

Voice of Investors

The newly introduced CEO compensation package is designed to encourage the new CEO, who succeeded the founder, to embody a founder's spirit, actively engage in corporate growth, and show a strong commitment to achieving corporate growth.

- **After the retirement of the founder and CEO, the company set a maximum percentage of stock compensation** and introduced **RSUs (Restricted Stock Units) linked to profit growth to encourage the new CEO to commit to the improvement of corporate value over the medium to long term** **(→Point II. 4)**

RAKSUL

Incentive Design for CEO

- Multiple alignment tools with the shareholders' viewpoint, in order to ensure that the new CEO will not merely be a hired successor, but become a "founder" who will be responsible for increasing the company's value over the next 10 years
- While monetary compensation level is lower than that of other listed companies, the ratio of equity compensation is set at the highest possible level to encourage long-term commitment
- All incentive grants to be contingent upon approval of the grant of RSUs at the 14th Annual General Meeting of Shareholders

RAKSUL

Name	Format	Number of Shares (Dilution %[1])	Conditions of Exercise, etc.	PL/BS Impact[2]
Monetary Compensation	Monetary Compensation	-	-	Executive compensation expenses
Restricted Stock Units (RSU)	Stock-Based Compensation (Service requirement + Single year performance requirement)	Total for 10 years Maximum 877,000 Shares (1.50%)	Removal of restrictions on the transfer of 87,700 shares each after the end of each fiscal year, provided that the following two conditions are met (if not met, the share will be forfeited for that fiscal year) ・Remain as CEO until the end of each fiscal year ・Consolidated gross profit growth of over 15% YoY	Expense of approx. JPY 120MM per year
Stock Options (Paid-in SO)	Performance Target Linked (Stock price requirement + Performance requirement)	877,000 Shares (1.50%)	3 tranches setting (share price requirement and performance requirement) 1. Share price of 8,500 yen (market capitalization of approximately 500 billion yen) + EBITDA of 10 billion yen: 20% exercisable 2. Share price 12,000 yen (market cap of approx. 700 billion yen) + EBITDA of 15 billion yen: 33% exercisable 3. Stock price of 17,000 yen (market capitalization of approximately 1 trillion yen) + EBITDA of 20 billion yen: 47% exercisable Performance evaluation after 3 years for a period of 10 years	Expense of approx. JPY 80MM per year
Negotiated Transaction	Capital Gain	877,000 Shares (0.00%)	No dilution due to the fact that this is a secondary transaction and not an issuance of new shares Company stocks will be purchased from the founder, Yasukane Matsumoto, and the stock market in a negotiated transaction (We lend part or all of the funds)	-
Total		1,754,000 Shares + 877,000 Shares (3.00%) (0.00%)		Expense of approx. JPY 200MM per year

Notes
(1) Based on 58,476,092 shares (581,858 voting rights), the total number of outstanding shares of the Company as of July 31, 2023
(2) Calculated based on an estimated share price of JPY 1,400 yen

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Source: RAKSUL INC, Financial Results for the Fiscal Year Ending July 31, 2023 (September 12, 2023), Page57-58
https://ssl4.eir-parts.net/doc/4384/ir_material_for_fiscal_ym3/141632/00.pdf

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RAKSUL INC. (4384) (ii)

RAKSUL

Issuance of Stock-Based Compensation and Performance Target Linked Stock Options[1]

- Issued a total of 4 stock options linked to stock-based compensation and performance target linked stock options in December 2022
- 1. and 2. are stock-based compensations as annual incentives (1-yen SO instead of RS has been implemented for employees from the current fiscal year)
- 3. and 4. (collectively called Quality Growth Stock Option 2022) are stock-based compensations linked to performance targets and serve as medium-term incentives. However, the decision was made to abandon the Trust SO because it could no longer fulfill its original purpose

RAKSUL

Name	Type	Number of Shares (Dilution %[2])	Allotees	Conditions for Exercise, etc.
1.Restricted Stock-Based Compensation (RS)	Stock-Based Compensation	11,260 shares (0.04%)	Directors	Restriction on transfers lifted in a lump sum after 3 years
2. Stock Acquisition Rights No.13 (1-yen SO)[3]	Stock-Based Compensation	42,370 shares (0.15%)	Employees	Exercisable in one sixth increments every 6 months
3. Stock Acquisition Rights No.14 (Paid-in SO)	Performance Target Linked (Quality Growth Stock Option 2022)	192,500 shares (0.66%)	Directors Employees	When EBITDA[3] a) Exceeds JPY 2.8Bn in FY2023 or FY2024: 50% exercisable b) Exceeds JPY 4.0Bn in FY2024 or FY2025: 50% exercisable
4. Stock Acquisition Rights No.15 (Trust SO)[4]	Performance Target Linked (Quality Growth Stock Option 2022)	167,500 shares (0.58%)	Directors Employees New hires	Same as above
Total		413,630 shares (1.42%)		

Notes
(1) In February 2023, we executed a stock split (from 1 share to 2 shares). This page shows the number of shares before the stock sp
(2) Dilution rate based on 29,080,100 shares (290,297 voting rights), the total number of outstanding shares of the Company as of Ja
(3) Stock Acquisition Rights described in the "Announcement of Issuance of Stock-based Compensation Stock Options (Stock Acquisi
(4) Stock Acquisition Rights described in the "Announcement of Issuance of Stock Acquisition Rights No.15 Using a Third-party Allot
and Introduction of a Market Value Issued Stock Acquisition Rights Trust" disclosed on November 17, 2022

- **The company promotes initiatives to align executive and employee incentives and commitments with the enhancement of corporate value** by granting restricted shares and stock options to board members other than the CEO, and stock options to employees **(→Point II. 4)**

RAKSUL

Stock Incentive Design based on Quality Growth

- Performance target-linked stock options (collectively called Quality Growth Stock Option 2022) issued in December 2022
- Gross profit, the condition for exercising the Stock Acquisition Rights No.12 issued in July 2020, was substantially achieved. EBITDA has been now set as the condition for the exercise, with the aim of generating profit while continuing the growth
- Potential dilution from these stock options is 0.66% (Figures after abandonment of Trust SO)

RAKSUL

Purpose

With the intention of improving our business performance and corporate value over the medium-to-long term, we aim to further enhance the motivation and morale of our directors and employees and further strengthen company cohesiveness

Condition of Exercise

Issued in July 2020 Stock Acquisition Rights No.12 (Paid-in SO)	Issued in December 2022 Quality Growth Stock Option 2022 (Paid-in SO/Trust SO)
Gross Profit FY2022 - FY2024 JPY 7.7Bn Achieved FY2022 Result JPY 9.8Bn	EBITDA a) FY2023 or FY2024 JPY 2.8Bn (50% Exercisable) b) FY2024 or FY2025 JPY 4.0Bn (50% Exercisable)

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Source: RAKSUL INC Financial Results for the Fiscal Year Ending July 31, 2023 (September 12, 2023) Page87-88
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About Action to Implement Management That Is Conscious of Cost of Capital and Share Price (Disclosed in November 2023)

Continue to take initiatives to swiftly achieve a PBR of above 1x

1. Growth strategy (implementation of growth strategy, optimal cash allocation)
2. Strengthen shareholder returns (dividend payout benchmark ratio of 30% from FY2024)
3. Strengthen IR activities
   (Creation of dialogue opportunities, expansion of information disclosures)

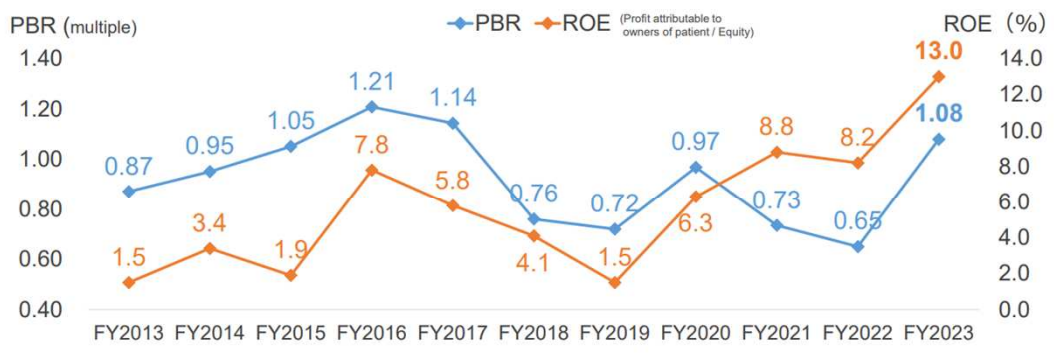
In addition to the above three initiatives, actively promote governance and ESG management, etc., to implement management that is conscious of cost of capital and share price.

ASKA Pharmac

Voice of Investors

The main points of "management that is conscious of cost of capital and stock price" are covered in a compact manner, and the progress of the situation is also explained in a way that is easy for investors to understand.

Trend in PBR and ROE



The PBR demonstrates a trend of improvement

* PBRs for FY2013-FY2023 are calculated based on fiscal year-end share price.
PBRs and ROEs up to FY2020 are those of ASKA Pharmaceutical Co., Ltd.
PBRs and ROEs after FY2021 are those of ASKA Pharmaceutical Holdings Co., Ltd.

ASKA Pharmaceutical Holdings Co., Ltd. 16

Source: ASKA Pharmaceutical Holdings CO., Ltd, Consolidated Financial Results for the Year Ended March 31, 2024 (FY2023) (May 22, 2024) , Page15-16
https://www.aska-pharma-hd.co.jp/LinkClick.aspx?fileticket=F%2fmtAIPps9s%3d&tabid=260&mid=821&TabModule860=0

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Detail of Initiatives 1) Growth Strategy (Optimization of Cash Allocation)

FY2023-2025 Plan (disclosed in November 2023)

Source of funds	Investment direction		Objectives	Distri-bution
Operating CF* 20 billion	Growth investment	Pharmaceutical business	Expand pipeline by strengthening R&D and BD	15 billion +X
		New field	Femtech, CVC, Digital Health	
			Testing, Animal Health (CA)	
		Overseas development	Establish business in Southeast Asia	
		M&A	Acquisition of competencies necessary for growth	
Cash from sale of cross-shareholdings 3 billion	Strengthen management base		Renewal and expansion of production facilities	3-4 billion
			Digital transformation	
			Investment in human capital	
Fundraising (+X)	Shareholder return		Dividends, share buybacks	3-4 billion

*Assumed operating profit + depreciation
+Research and development expenses (except tangible expenses)

FY2023 Results

Investment field	Actual	
Growth investment	About 5 billion	R&D expenses (except tangible expenses) Increase investment in Hataphar Investment in CVC
Strengthen management base	About 1.5 billion	Facility investment (tangible) Education and training expenses
Shareholder return	About 1.1 billion	Increased annual dividends per share from 16 yen to 40 yen

ASKA Pharmaceutical Ho

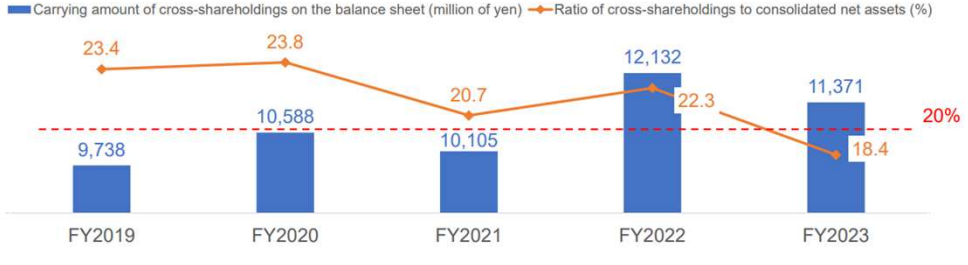
- **Regarding the cash flow from operations, funds from the sale of cross-shareholdings, etc., how the funds will be allocated for investment in growth, strengthening the management base, and shareholder returns, and cash allocation policy are disclosed in detail. (→Point II. 2)**

Cross-Shareholdings Reduction

Toward Reducing Cross-Shareholdings

We are currently reviewing the capital efficiency and appropriateness of our cross-shareholdings, and we are in the process of reducing any cross-shareholdings that may not be significant. As of March 31, 2024, the ratio of the Group's cross-shareholdings to consolidated net assets was 18.4%, down 3.9% from the end of the previous fiscal year.

Cross-Shareholdings Reduction Status



Figures up to FY2020 are those of ASKA Pharmaceutical Co., Ltd.
Figures after FY2021 are those of ASKA Pharmaceutical Holdings Co., Ltd.

ASKA Pharmaceutical Holdings Co., Ltd. 20

Source: ASKA Pharmaceutical Holdings CO., Ltd, Consolidated Financial Results for the Year Ended March 31, 2024 (FY2023) (May 22, 2024) , Page17,20
https://www.aska-pharma-hd.co.jp/LinkClick.aspx?fileticket=F%2fmtAIPps9s%3d&tabid=260&mid=821&TabModule860=0

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Detail of Initiatives 3) Strengthen IR activities

Dialogue with Shareholders and Investors (FY2023)

Activities	Actual (FY2022 Actual)	Attendees
Financial results meeting	2 times (2)	Management
Conferences and meetings held by securities firms	3 times (1)	Management IR Dept
IR events for individual investors	2 times (1)	IR Dept
IR events for institutional investors	1 time (0)	Management
One-on-one IR interviews/SR dialogue	100 times Total 110 company Total 163 persons (79)	Management IR/SR Dept

Attribute information on the shareholders and investors whom we dialogued with

Main topics and concerns of dialogue

- Future initiatives in the female healthcare area
- Development pipeline
- Initiatives for medium- to long-term growth
- Shareholder returns, capital policy, and financial strategy
- Measures to realize management that is conscious of stock price and cost of capital
- Management structure and governance

ASKA Pharmace

Assessment of Current Status and Policy for Improvement

Assessment of Current Status

✓Over the past four years, we have seen increased sales, profits, and improving ROE. In November of last year, we announced three key initiatives: a Growth Strategy with cash allocation disclosure, a focus on Strengthening Shareholder Returns, and an emphasis on Strengthening IR Activities. These initiatives aim to realize management that is conscious of the cost of capital and our stock price. As a result, the PBR has shown an improvement trend of over 1x, indicating that the market recognizes and expects positive outcomes from these efforts.

Policy for Improvement

✓We are committed to achieving sustainable business growth and to providing the market with the information it expects, including updates on the initiatives we announced in November of last year. We will use a PBR exceeding 1x as a starting point and focus on management that is conscious of the cost of capital and our stock price to increase our corporate value.

ASKA Pharmaceutical Holdings Co., Ltd. 21

- The company re-evaluates their current situation in relation to their progress, **recognizes that "exceeding a PBR of 1 is just the starting point," and aim to further improve their corporate value.** **(→Point II. 1)**

Source: ASKA Pharmaceutical Holdings CO., Ltd, Consolidated Financial Results for the Year Ended March 31, 2024 (FY2023) (May 22, 2024) , Page19,21
https://www.aska-pharma-hd.co.jp/LinkClick.aspx?fileticket=F%2fmtAlPps9s%3d&tabid=260&mid=821&TabModule860=0

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Chubu Steel Plate Co.,Ltd. (5461) (i)

New!

TOPIX Small

Iron and Steel

JPX

【4. Corporate Value Enhancement and KPI】

①Initiatives to improve corporate value

CHUBU STEEL PLATE

Initiatives to improve corporate value

■The company was listed in TSE Prime Market in December 2022(Double listing with NSE).
➢Stock prices rose with an increase in trading volume
■In March 2023, TSE requested listed companies to "Action to Implement Management that is Conscious of Cost of Capital and Stock Price."
➢Specifically, there are two points: ① Action to Implement Management that is Conscious of Cost of Capital and Stock Price, and ② disclosure regarding the status of dialogue with shareholders, etc.
■Our company explained ① and ② above at the company briefing session in May 2023. Specifically, we explained that we will proceed with various measures with the goals listed on the right.

※Cost of equity=β×（Rm−Rf）+Rf
B:The magnitude of fluctuations in our stock price relative to the stock market
Rf：Risk free rate（Calculated from government bond yields, etc.）
Rm：Stock market expected value（TOPIX, etc.）

Our actions; explained in May 2023 briefing session

■Numerical values are set based on TSE guidelines.
✦ROE⇒Stably exceed 8%
✦P/B⇒Aiming for more than 1x
■The specific action plan is as follows

	Direct	Indirect
1）Growth strategy	・Clarify future growth strategy	IR compatible
2）Equity spread expansion	・Work on both ROE and cost of equity (*)	
3）ESG response, etc.	・Addressing non-profitability issues such as decarbonization efforts and human capital	
4）Dividend policy	・Considering the ample capital situation, pay attention to stable dividends in addition to flexible dividends according to business performance.	
5）Improving name recognition	(Not well-known on the stock market as it was just listed on the TSE and is B2B)	

Influence on stock price

Continue to implement the same approach from FY2024 onwards (Review ROE and P/B)

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Voice of Investors

This is a good example of a company that has disclosed information and is actively communicating with shareholders and investors, while also working to improve its goals and initiatives. Even over the past year, the company has improved its content to better align with the perspectives of investors. We hope other companies of a similar size will also find this useful.

【4. Corporate Value Enhancement and KPI】

②Dialogue with shareholders

CHUBU STEEL PLATE

Status of communication with shareholders, etc. in 2023

	Number of times	Corresponding person	Operation method
Company information session	4times	President and Director	Changed from twice a year before listing on the TSE to quarterly Conducted online on the next business day of financial results announcement
Individual interviews, etc.	80times	Director, etc.	Individually conducted in person or over the phone/online

➢The breakdown of individual interviews was 18 with sell-side analysts and 62 with

Requests and responses from shareholders, etc.

Request	Overview of shareholders, etc	
①Steel manufacturers have large fluctuations in performance, so at least Could you please stabilize the dividend?	・Buy-side analyst ・Small-cap stocks (Long-term investment)	DOE was introduced in the 24 medium-term management plan. Promoting shareholder returns while paying attention to stable dividends
②If the market capitalization were a little larger, it would become an investment target.	・Fund manager (Domestic) (Overseas)	The current market capitalization has expanded to over 70 billion yen (P/B close to 1x). Aiming for a market capitalization of 100 billion yen in the medium-term management plan, promoting various measures
③Developing new products is desirable to differentiate from other companies.	・Buy-side analyst	Obtained EcoLeaf on Apr.2024. Considering the development of green steel using new EAF effects, etc.

- **The company communicates with its shareholders** based on the previous year's disclosure and **refines their goals based on the feedback they received.**
(→Point II. 1 & Point III. 3 & Point III. 4)

Source: Chubu Steel Plate Co.,Ltd., 24Medium-term Management Plan, (May 9, 2024) page12-13
https://www.chubukohan.co.jp/ckCMS/wp-content/uploads/2024/05/24-Mid-term-Management-Plan.pdf

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Chubu Steel Plate Co.,Ltd. (5461) (ii)

New!

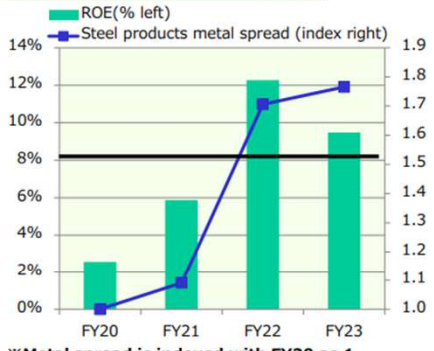
TOPIX Small

Iron and Steel

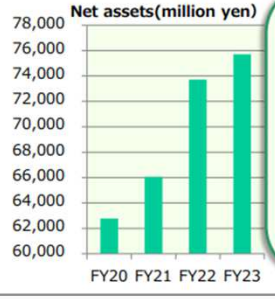
【4. Corporate Value Enhancement and KPI】

③ROE and P/B

ROE trends



※Metal spread is indexed with FY20 as 1

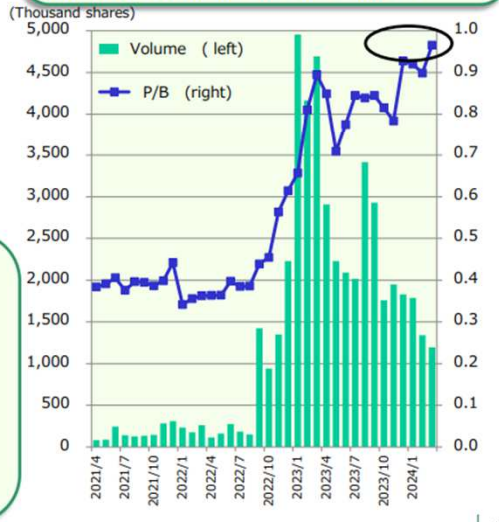


■ROE has remained low until now, but has risen to over 8% in recent years due to the expansion of metal spreads.

On the other hand, capital accumulation is progressing, and future issues include securing metal spreads and controlling capital.

Trends in P/B and trading volume

■After listing on the TSE, P/B has increased to around 0.9 times. However, in order for the stock price to increase significantly by more than 1x, we recognize that it is necessary to implement the measures listed and further influence the stock market.



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- Analyzes ROE and PBR over time, taking into account industry trends. (→Point I. 2)

- Based on industry characteristics, the company analyzes the measures necessary to reduce cost of capital and promote specific measures. (→Point II. 3)

【4. Corporate Value Enhancement and KPI】

④Capital cost control

Capital cost control

■There has long been a view that manufacturers of EAF must be cautious when making investments because their performance tends to fluctuate due to price fluctuations in raw materials and materials (scrap, electricity, etc.).
■Therefore, in order to reduce the cost of capital (Suppress β), we recognize that it is necessary to take measures including ① Minimize fluctuations in performance due to the external environment as much as possible, ② strengthen disclosure to prevent surprises, and ③ suppress fluctuations in dividends due to fluctuations in business performance.
■The specific measures are as follows.

Target	Method	Specific measures
Suppress β	Appropriate sales price setting (①)	➢Build relationships with customers that allow price fluctuations in scrap, electricity, freight, etc. to be reflected promptly in sales prices.
	Reduce fluctuations in performance due to scrap price fluctuations (①)	➢Expansion of scrap yard and enhancement of scrap acceptance system ➢Effective use of product inventory and slabs
	Partial fixation of electricity prices (①)	➢Power prices for off-site PPAs are mainly fixed for 20 years (regular prices fluctuate monthly)
	Strengthen disclosure and prevent surprises (②)	➢Continued to hold company briefing sessions four times a year and set the briefing session on the business day following the announcement of financial results.
	Stabilization of dividends (③)	➢DOE introduce from FY24

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Source: Chubu Steel Plate Co.,Ltd., 24Medium-term Management Plan, (May 9, 2024) page14-15
https://www.chubukohan.co.jp/ckCMS/wp-content/uploads/2024/05/24-Mid-term-Management-Plan.pdf

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SWCC Corporation (5805) (i)

Formulating Rolling Plan 2024 under the Medium-term Management Plan

SWCC GROUP Creating for the Future

Takayo Hasegawa,
Executive President and Representative Director (CEO)

The first half of our Medium-term Management Plan that began in 2022 has ended. Looking back on the past two years, we have made steady progress towards our stated KPIs. We have strengthened the earning capabilities of our core businesses by investing in increased production of strategic products and enhancing the profitability of our cash cow business through digital transformation (DX). Additionally, we have achieved some results in creating new businesses, such as the launch of the Smart Stream business. However, issues remain in the new development of our overseas business due to delays to our plans caused by the COVID-19 pandemic and geopolitical risks.
Meanwhile, the business environment has undergone considerable change since the current Medium-term Management Plan was drafted in November 2021. Under this rolling plan, we will take these changes into account as we revise our business and investment strategies, make further investments in growth drivers, and draw up measures aimed at portfolio transformation. While we have made an upward revision to operating income with a new target of 17 billion yen to be achieved through organic growth, we will implement measures to further increase this figure through investment that leads from stability to growth, and hope to make this a big step bringing us closer to our 2030 vision.
More specifically, we will further refine ROIC management, strengthen our ability to generate cash flow from business operations, and employ enhanced capital strategy to optimize the cost of capital and enhance shareholder return. In addition to enhancing our human capital strategy without backtracking on the reforms we have made to date, we will also focus on business development (BD) strategy to broaden the areas where we operate as an upside element (inorganic) to the latest target figures.
Stay tuned for this new beginning of the SWCC Group's Medium-term Management Plan: Change & Growth SWCC 2026 Rolling Plan 2024.

Voice of Investors

The company has been promoting ROIC management for some time, and based on the progress of its initiatives, it has revised the targets set out in its medium-term plan upwards, and other reforms are steadily progressing. In addition, in order to promote ROIC management throughout the company, it is being presented in the company newsletter, and other initiatives are being promoted throughout the company.

May 2024 announcement

- Based on changes in the business environment after the medium-term plan was formulated, revisions to business and investment strategies, progress in portfolio conversion, and other measures, **the profitability and efficiency targets in the medium-term plan have been revised upward**.
(→Point II. 1 & Point III. 4)

Rolling Plan 2024: Target Financial Figures

SWCC GROUP Creating for the Future

The new target figures represent upward revisions due to organic growth. We will aim to further expand the upside through inorganic growth.

			Before Rolling Plan	After Rolling Plan
		FY2023 (Results)	FY2026 (Targets)	FY2026 (Targets)
Profitability	Operating income	12.8 billion yen	15.0 billion yen	17.0 billion yen
Capital efficiency	ROE	12.3%	10% or more	14% or more
	ROIC	8.3%	10% or more	10% or more
Shareholder returns	Dividends (dividend payout ratio/DOE)	90 yen (30%/3.7%)	120 yen or more (35%/not set)	150 yen or more (35% or higher/4% or higher)
Stability	D/E ratio	40%	50% or less	30–50%
	Net assets	77.1 billion yen	85.0 billion yen or more	93.0 billion yen

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Source: SWCC Corporation,
Medium-term Management Plan "Change & Growth SWCC 2026"
（May 13, 2024） page2,8
https://www.swcc.co.jp/eng/news/images/Medium-term%20Management%20Plan%20Change%20&%20Growth%20SWCC%202026%20Rolling%20Plan%202024.pdf

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SWCC Corporation (5805) (ii)

Rolling Plan 2024: Priority Measures to Enhance Corporate Value

SWCC GROUP Creating for the Future

Enhanced corporate value and shareholder value

FY2026 target
Operating income: 17.0 billion yen or more
ROIC: 10% or more

Strengthened ability to generate cash flow through the promotion of ROIC-oriented management
EBITDA margin: 9% or above
- Business model evolution
- Strengthening business portfolio management
- Strengthening investment in focus businesses and utilizing M&A activities

Optimizing the cost of capital
Controlling WACC in the 6% range
- Achieving the optimum capital structure
- Stable dividends with a dividend payout ratio of at least 35% and DOE of at least 4%, combined with flexible acquisitions of treasury stock

Investment in intangible assets
Improving the ability to generate cash flow in the medium- and long-term
- Expanded investment in R&D
- Expanded investment in human capital

Rolling Plan 2024: Priority Measures

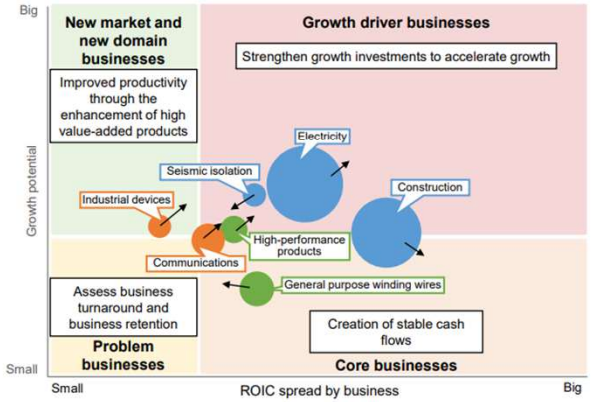
May 2024 announcement

Rolling Plan 2024: Strengthening Business Portfolio Management

SWCC GROUP Creating for the Future

In light of the current positionings on a sub-segment basis, we will strengthen business portfolio management over the course of the Medium-term Management Plan up to FY2026.

Business portfolio as of FY2023



Business portfolio management over the course of the Medium-term Management Plan

[Power]
Work to expand business through proactive growth investment in strategic products

[Construction]
Enhance earning strength through DX promotion and pursue cash cow business in greater depth

[Industrial Devices and Communication]
Enhance growth potential and profitability while working to transform into a growth driver business

[High-performance Products]
Aim for business expansion in line with growth of the xEV market

Identification of problem businesses
Assess business turnaround and business retention
- Competitive advantages
- Capital efficiency
- Growth potential
- Our vision
- Synergy with other businesses

[Seismic Isolation]
Recognized as a problem business due to expected slowdown in growth potential and profitability

[General Purpose Winding Wires]
Recognized as a problem business due to expected earnings decline due to intensifying competition

SWCC Group ROIC Calculation Formula
Corporate ROIC = Operating income after tax ÷ invested capital (shareholders' equity + interest-bearing debt) / Business-specific ROIC = operating income after tax ÷ invested capital (working capital + fixed assets)

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Source: SWCC Corporation,
Medium-term Management Plan "Change & Growth SWCC 2026"
(May 13, 2024) page17,19
https://www.swcc.co.jp/eng/news/images/Medium-term%20Management%20Plan%20Change%20&%20Growth%20SWCC%202026%20Rolling%20Plan%202024.pdf

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SWCC Corporation (5805) (iii)

Approach to Financial KPIs

SWCC GROUP Creating for the Future

FY2026 Targets

Toward a market capitalization of 150 billion yen
Rating of A- or higher

Improved corporate value and shareholder value

Total shareholder return
TSR expansion
- Increase in the share price
- Increased dividends

Outperforming TOPIX (including dividends)

Expanded equity spread
- ROE of 14% or more

* Cost of shareholders' equity assumed to be 9% or lower

Enhanced shareholder returns
- Dividend payout ratio of 35% or more

and

- DOE of 4% or more

Improved cash flow
- EBITDA margin of 9% or above
- Improved CCC of 80 days or less

Improved asset efficiency
- ROIC of 10% or more
- Business portfolio management

Optimized cost of capital
- D/E ratio between 30% and 50%
- Capital adequacy ratio of around 50%
- WACC controlled in the 6% range

May 2024 announcement

Cash Allocation

SWCC GROUP Creating for the Future

In addition to generating business revenue, we will also make progress in reducing non-operating assets in an effort to enhance growth investments and shareholder return.
Additionally, for major investments such as M&A actions, we expect to apply a certain degree of leverage through debt financing from the perspective of reducing WACC.

	Cash inflows (cumulative total from FY2024 to FY2026)	Cash outflows (cumulative total from FY2024 to FY2026)	
Promotion of ROIC management	Cash flows from operating activities 47.0 billion yen	Cash flows from investing activities, etc. (Capital investments and M&A, etc.) 49.0 billion yen+	Allocation of investment through business portfolio management
Building the optimum capital structure	Procurement of interest-bearing debt 12.0 billion yen+ (D/E ratio: 30-50%)	Shareholder returns 15.0 billion yen	Dividend policy based on a dividend payout ratio of at least 35% and DOE of at least 4%
Sale of cross-shareholdings, etc.	Disposal of non-operating assets 5.0 billion yen		

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- **Including the funds obtained from the sale of cross-shareholdings, the company specifically presents its cash allocation policy, which shows how it will allocate future cash to growth investments and shareholder returns. (→Point II. 2)**

Source: SWCC Corporation,
Medium-term Management Plan "Change & Growth SWCC 2026"
（May 13, 2024） page35-36
https://www.swcc.co.jp/eng/news/images/Medium-term%20Management%20Plan%20Change%20&%20Growth%20SWCC%202026%20Rolling%20Plan%202024.pdf

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SWCC Corporation (5805) (iv)

December 2022 announcement

- **In order to ensure that ROIC management is implemented throughout the company, the company has set out easy-to-understand indicators and target figures for each department in the company's newsletter, and are promoting the creation of a system and environment in which each employee can take ownership of the initiative. (→Point II. 2)**

Leveraging our strengths to offer added value proved successful

Looking back on business conditions in fiscal 2021, copper prices remained high in the first half of the fiscal year, and prices of petrochemicals and other raw materials also soared. We therefore worked on improving production efficiency, and from the autumn onwards, passed on the higher costs to customers by raising prices, having obtained their understanding. In terms of changes in our operating environment and our responses to them, I think this was the most significant factor.

Regarding the COVID pandemic, an outbreak of infections in Vietnam hit us especially hard, while in China lockdowns kept logistics paralyzed. As a result, the adverse effects extended to our wire harness business, which we had been endeavoring to expand overseas.

Under these circumstances, the Communication and Industrial Devices Business Segment struggled in terms of profits, but the Energy and Infrastructure Business Segment and the Electrical Equipment and Components Business Segment saw their profits rise, and as a result, our overall consolidated operating results showed higher revenues and profits than we had targeted at the start of the term. In the Energy and Infrastructure Business Segment, we moved away from business targeting long-distance power transmission in favor of total solutions centered on substations. This is an example of the way the SWCC Group has shifted to providing added value by leveraging its strengths, and I feel that our financial results indicate that this approach has been successful.

Regarding capital efficiency, ROIC increased to 7.6% in fiscal 2021 from 6.3% in the previous year. In fiscal 2018, when we introduced ROIC-based management, ROIC was 5.6%, so we have made considerable strides. Nonetheless, I believe that company-wide penetration of ROIC-based management is still insufficient, so we will aim for further improvement by setting easy-to-understand indicators and target figures for each site so that each employee can view increasing ROIC as part of their job and take action accordingly.

Using the internal newsletter to increase frontline penetration of ROIC (summer 2022 issue)

Source: SWCC Corporation, Integrated Report2022 (November 25 2022), Page8
(Red frame and red lines added by TSE)
https://www.swcc.co.jp/eng/news/pdf/IntegratedReport2022.pdf

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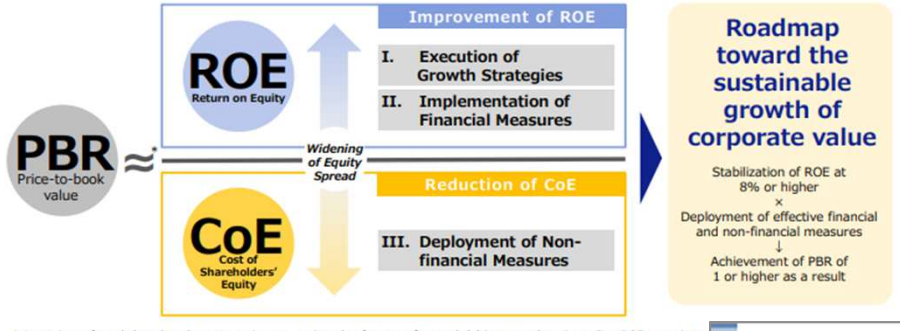
MARUBUN CORPORATION (7537) (i)

Initiatives for Sustainable Enhancement of Value

- Execute "Three Strategic Measures" (I. II. III.), aiming to "stabilize ROE above 8% and achieve PBR above x1.0 time"
- Steadily implement the current Medium-Term Business Plan (MTBP/2022-2024) for sustainable growth of enterprise value and also prepare to formulate the next MTBP (2025-2027) aiming for a further leap forward



* Approximate formula based on the conservative assumptions that future profit growth (g) is zero and our immediate ROE target is to r

Marubun Since 1844

Voice of Investors

The report provides a clear explanation of the company's analysis of its current situation and efforts being made. In addition, while many companies do not mention reducing the cost of equity, the report clearly states that they will work to reduce the cost of equity through the implementation of non-financial measures, which investors think is a great course of action.

- **To reduce the cost of equity**, the company implements initiatives in non-financial areas, **such as sustainability management, strengthening governance, and improving stakeholder engagement.** (→Point II. 3)

III. Non-financial Measures

- We are to implement initiatives in the "three thematic domains for non-financial measures" and translate these into "reduction in expected cost of shareholders' equity"
- We are to enhance the trustworthiness and appealing values of the Marubun brand, while ensuring management transparency through efforts to further enhance information disclosures to public domain
- At the same time, we contribute to the "creation of social values" and work on collaboration with stakeholders on all sides

"Three thematic domains" for reduction of expected CoE

Marubun Since 1844

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Source: MARUBUN CORPORATION, Financial Results for the 2nd Quarter of Fiscal Year Ending March 31, 2024 (November 2023), Page20,27
https://www.marubun.co.jp/en/wp-content/uploads/sites/2/2023/11/2023q2_ir_presentation_e.pdf

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MARUBUN CORPORATION (7537) (ii)

III-(1) Non-financial Measures: Promotion of Sustainability Management

Approval of the TCFD recommendations and participation in the TCFD consortium

- Joined the TCFD consortium to further enhance information disclosures
- Step up initiatives to tackle climate change and set long-term targets for Scope 1 and Scope 2 emissions
- Currently considering categories covered and calculation method for Scope 3 emissions

TCFD Consortium

TCFD target (Scope1+2)

FY2022	FY2030	FY2050
1,841 t-Co2	50% reduction	Carbon neutrality

Ensuring diversity and strengthening human resources development

- Strengthen recruitment of semi-recent graduates and mid-career workers and continue to appoint diverse human resources
- Implement personnel allocation that puts the right people in the right places and organized and systematic human resource development through the introduction of a talent management system
- Promote the development of a framework for learning autonomously through e-learning

Promoting active participation of female employees

- Raised target female management ratio for FY2027
- Continue providing manager candidates with opportunities to learn organizational management
- Strengthen career development and support through use of the career conversion systems
- Introduce a program for working only at specific locations, staggered working hours, etc.

Target female manager ratio in FY2027

(Before)		(After the revision)
8.0%	→	10.0%

Marubun Since 1844

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III-(2) Non-financial Measures: Strengthening of Corporate Governance

Promoting development of the corporate governance structure

- **Redefinition of Management Philosophy (FY2022)**

Purpose Contribute to a brighter future through technologies.

Vision Be the unrivaled and most trusted electronics trading company and original value.

Mission Looking forward and staying ahead, address societal themes and solve customers' issues by leveraging the Group's human capital, technological strengths and service qualities.

Values
"Management with integrity and accountability"
"Fair business activities"
"Contribution to sustainable society"
"Contribution to environmental conservation"
"Enhancement of customer satisfaction"
"Effective enterprise risk management"
"Respect for human rights"
"Development of an employee-oriented work environment"

- **Ensuring the diversity of the Board of Directors**
  - Appointment of a female director
  - Appointment of four Outside Directors (out of a total of nine Directors)
- **Introduction of stock-based compensation plan for Executive Directors**
  - Program introduced: Restricted stock compensation (RS)
  - Eligible persons: Five Executive Directors
  - Vesting period: 3 years
- **More in-depth, active discussions based on evaluation of effectiveness of Board of Directors**
  - Focus on improvement of discussions, in accordance with a shared recognition that more active arguments / discussions should be made to follow up on our longer-term business plan such as MTBP

Marubun Since 1844

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III-(3) Non-financial Measures: Improvement of Stakeholder Engagement

Further strengthening IR, SR and PR activities

- **Enhance information disclosure and endeavor to eliminate/reduce information asymmetry between us and investors**
  - Seek further enhancement of IR materials and IR site, including disclosures in English
  - Bring forward identification of materiality and issuance of Integrated Report (plan to issue FY2024 report)
- **Give internal feedback on IR activities**
  - Give effective feedback for reflection in management measures
- **Hold proactive investor meetings**
  - Develop a more active approach to major institutional investors
  - Achieve constructive dialogue through IR meetings
- **Strengthen Marubun brand equity by using media relations**
  - Issue press releases and corporate advertising with a view to raising recognition
  - Stress "180th Anniversary Sustainability" for 2024 (as Mrubun originally was founded in 1844)

Marubun Since 1844

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Source: MARUBUN CORPORATION, Financial Results for the 2nd Quarter of Fiscal Year Ending March 31, 2024 (November 2023), Page28-30
https://www.marubun.co.jp/en/wp-content/uploads/sites/2/2023/11/2023q2_ir_presentation_e.pdf

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Results, Challenges and Solutions

TIMELESS WORK. SANYO

Improve PBR through ROE improvement by taking measures to achieve ROE target that exceeds cost of shareholder's equity (CSE), further strengthening of IR and planning/execution of next Medium-term Business Plan (MTBP).

Results[1] and challenges

- **Under PBR 1x**
  FY Feb/2023 results 0.45x
  FY Feb/2024 results 0.72x
- **ROE fell below CSE**
  FY Feb/2023 results 6.1%
  FY Feb/2024 results 7.2%

Solutions

Theory	Solutions
PBR improvement = ROE improvement × PER increase	Take measures to achieve ROE target that exceeds CSE Further strengthening of IR Formulation and execution of next MTBP/growth strategy

1. Consolidated

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1

Voice of Investors

There has been a change in the company's attitude towards the market, such as strengthening the system for IR/SR activities and expanding information disclosure. The strong commitment of the management team can be felt from the disclosure of the status of dialogue, etc.

- As a measure to improve PBR, the company has set out to **further strengthen their IR and SR activities**, along with measures to improve profitability, and they are **working to improve the infrastructure for IR and SR activities and promote dialogue with the market**. **(→Point III. 1)**

Other PBR improvement measures

TIMELESS WORK. SANYO

Promote improved PBR by further strengthening IR/SR activities in addition to business growth.

Further strengthening IR/SR activities

Establishment of foundations for IR/SR activities

In March 2022, we established IR Dept (currently IR & PR Strategy Dept) as a dedicated department responsible for IR/SR activities.

Large-scale renovation of corporate website including IR website completed in March 2024.
- Expand disclosure for shareholder/investors.
- Strengthen English disclosure.

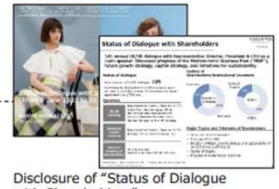
Current corporate website

Promoting dialogue with market

Strengthen dissemination of information on sustainability.
- Significant improvement due to renovation of the above corporate website.

Actively implement IR/SR activities.

Eliminate the investor expectations gap by strengthening internal feedback on IR/SR activities.



Disclosure of "Status of Dialogue with Shareholders"

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Source: SANYO SHOKAI LTD., Progress of PBR Improvement Plan (October 4 2024), page1,5
https://ssl4.eir-parts.net/doc/8011/ir_material_for_fiscal_ym9/164613/00.pdf

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SANYO SHOKAI LTD. (8011) (ii)

Status of Dialogue with Shareholders

TIMELESS WORK.
SANYO

105 annual IR/SR dialogue with Representative Director, President & CEO as a main speaker. Discussed progress of the Medium-term Business Plan ("MBP"), future growth strategy, capital strategy, and initiatives for sustainability.

Status of Dialogue

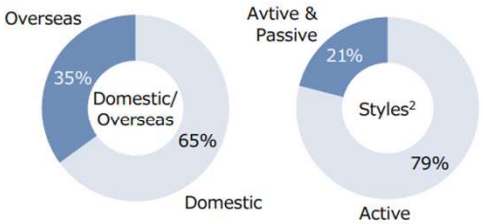
Total number of IR/SR dialogue[1] **105**

Continuously strengthen IR & SR measures were successful, and the number of interviews increased significantly to 175% yoy.

Speakers

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

Outline of Shareholders/Institutional Investors



Major Topics and Interests of Shareholders

- Structure reform outcomes
- Progress of the MBP
- Direction of future growth strategy and sustainability of current strong performance
- Capital strategies
- Progress of sustainability initiatives

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

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- In addition to **disclosing information in an easy-to-understand manner about the status of dialogue implementation and feedback to the board of directors, the company discloses the results of dialogue, including the input gained through dialogue and the subsequent response status.** **(→Point III. 3)**

Status of Dialogue with Shareholders

TIMELESS WORK.
SANYO

Timely feedbacks to the Board. We have demonstrated results in its future growth strategy, strengthening shareholder returns, enhancing disclosure, and response to sustainability matters.

Feedbacks to Board of Directors

	Freq.	Method	Contents
Comments from shareholders/Institutional 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 reports	Timely	Report/email to Board of Directors/ explanatory meeting	IR strategies, priority measures, issues and countermeasures, share price/index, etc.

Outcome of Dialogue

Input	Status
Requests for an explanation of the progress of the current MBP and disclosure of specific details of future growth strategies.	Through the dialogue, we promoted shareholders' understanding of the progress of the current MBP. Currently formulating the next MBP including these specific details.
Request to disclose details on strengthening shareholder returns and uses of cash.	PBR Improvement Plan was disclosed in October 2023. In order to improve capital efficiency, we explained that it is considering further strengthening shareholder returns in line with performance progress.
Needs for easy-to-understand disclosure of sustainability-related matters and for enhanced disclosure of business results, etc.	In March 2024, the corporate website was renewed. The renovation project has been drastically renovated from the structure, taking these inputs into account.
Request for initiatives that link sustainability management to sustainable growth by viewing sustainability as a new opportunity rather than merely risk management.	Launched reuse business in 2024, collected clothing in March and sold reusable items in June of the same year.

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Source: SANYO SHOKAI LTD., Status of Dialogue with Shareholders(From 1 June 2023 to 31 May 2024) (July 30 2024), page1-2
https://www.sanyo-shokai.co.jp/en/assets/pdf/shareholder_dialogue_en_20240730.pdf

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YAMAZEN CORPORATION (8051) (i)

YAMAZEN

～資本収益性向上へのIRの取り組み～ エクイティ・ストーリーの充実と開示 「生産財＆消費財のビジネスの強み」

CROSSING YAMAZEN 2024

生産財・消費財には「卸売」・「エンジニアリング」・「ファブレスメーカー」というビジネスモデルがあり、それぞれに異なった強みを有しております。

■生産財ビジネス	事業概要	主要取扱品目	ビジネスモデルと強み	
機械事業 国内/海外	・国内外トップメーカーとのコラボレーションにより、生産現場の工作機械による**生産・加工システム（最先端のハード＆ソフト）を提供**し国内外の「ものづくり」現場をサポート ・海外は世界の主要産業都市に地域密着の**販売体制と高度なエンジニアリング機能**を備え、ライン等の設計から工作機械の設置、そしてアフターメンテナンスまで**トータルでサポート**	工作機械（マシニングセンタ、CNC旋盤、CNC研削盤、CNCフライス盤、放電加工機、汎用工作機械、3Dプリンター等）、鍛圧・板金機械、射出成形機、ダイカスト成形機、CAD/CAM等	卸売（国内）	機械：低利益率であるが在庫を持たず、極めて資本収益性が高い
				産業ソリューション・T&E：・ユーザーの潜在ニーズの掘り起こしとソリューション提案・即時納品に向けた在庫コントロール
産業ソリューション事業 国内/海外	生産現場の**多種多様なニーズ（消耗品や付帯設備等）を提供**するほか、自動化・省人化等の生産効率の向上、生産現場の環境改善、先端技術に至るまで、**総合システムを提供**	マテハン（物流機器）、メカトロ（メカトロ機器、ロボット、省力化機器）、環境改善機器等		
ツール＆エンジニアリング事業 国内/海外	ラインの自動化、ラインを構成する機械や刃物の選定は、現地のエンジニアリング部門が行い、**設備納入後も消耗材の調達、メンテナンスまで一貫してサポート**	切削工具、補要工具、作業工具、電動工具、測定・計測機器、流体機器等	エンジニアリング（国内/海外）	工場への直販でエンジニア機能も付加し、高利益率
■消費財ビジネス				
住建事業 国内	環境、脱炭素、健康、バリアフリーなど、人にも地球にも優しい社会・住まいづくりを目指した新しい商品やシステムをトータルに提案。具体的には、木材加工品や工業製品などの一、二次加工製品の調達、安定供給を行っているほか、住設建材や設備機器などを提案・販売、リフォーム事業にも注力。	厨房、調理、厨房関連、浴室、洗面、給湯、衛生、空調・換気関連器、太陽光発電、蓄電池、床暖房、太陽熱温水器、蓄熱式暖房機、管工機材、内装建材、電工機材等	卸売	工務店等への建材・機器の卸モデルで、全国の配送拠点より即納体制をとり、ほぼ在庫を持たないモデルで極めて資本収益性が高い
家庭機器事業 国内	家電から、インテリア、エクステリア、レジャー用品、防災グッズまで、日々の生活シーンで使われる身近で役立つ商品群を取り扱っており、流通・物流という商社としての機能と、オリジナル商品の企画・開発というメーカーとしての機能を併せ持つ 山善ビズコム　YAMAZEN くらしのeショップ	家電（扇風機・暖房機器・調理・ＡＶ・生活家電等）、インテリア家具、アウトドア・レジャー用品、キッチン・日用品、エクステリア、ガーデニング・農業、健康機器、衛生・ヘルスケア、工具、車用品・バイク用品、防災用品等の企画、開発・販売	卸売	NB商品とPB商品の幅広い品揃えにより、安定的にCFを創出
			ファブレスメーカー	消費者ニーズを捉えたPB商品の販売で高利益率

9

Voice of Investors

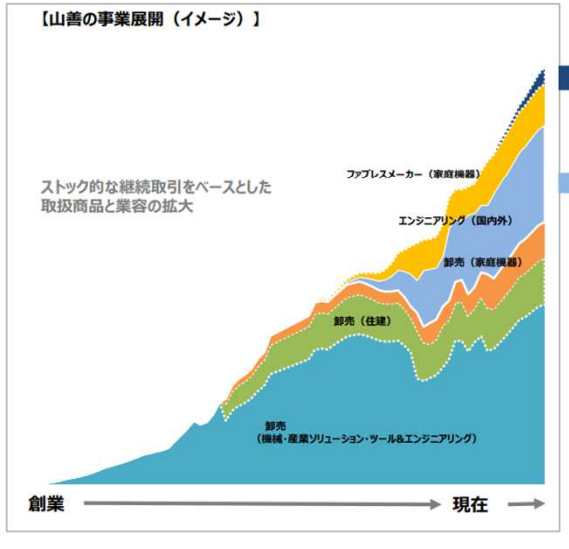
Each initiative is explained based on the company's equity story, and it is very convincing. Includes specific disclosures about the implementation status of dialogue, which will lead to the deepening of constructive dialogue in the future.

YAMAZEN

～資本収益性向上へのIRの取り組み～ エクイティ・ストーリーの充実と開示 「成長戦略」

CROSSING YAMAZEN 2024

当社の事業のベースは生産財・消費財とも卸売であり、「ストック的な収益基盤」となっております。その上でファブレスメーカーとしての機能やエンジニアリング力、新規ビジネスを加算し、キャッシュフロー創出力を高めております。今後、その基盤を維持・拡大するための投資を行ってまいります。



PPA事業等、社会課題へのソリューション提供
＋
築き上げた山善のビジネスモデルの更なる盤石化（自動化・省人化等）

重要課題への「全社戦略」
- 人財マネジメント
- DX
- グリーン
- 物流

企業ビジョンを実現する「営業戦略」
- 顧客密着戦略
- トランスフォーム戦略
- デジタル融合戦略

中期経営計画「CROSSING YAMAZEN 2024」成長投資枠
- 事業投資（アライアンス含む）M&A、新規事業等 200億円
- DX・システム投資 システム初期構築等 100億円
- 設備投資 物流設備等 100億円

※「ファブレスメーカー」は家庭機器のPB商品売上高、家庭機器の「卸売」はPB商品以外の売上高を指しています。

10

- **Discloses initiatives to improve capital efficiency in their Equity Story. (→Point II. 5)**

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

Source:Yamazen Corporation, Actions to Achieve Management Conscious of Capital Cost and Stock Price (June 24, 2024), page 9-10
https://www.yamazen.co.jp/ir/action_to_implement_management.html

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YAMAZEN CORPORATION (8051) (ii)

株主・機関投資家との対話推進内容①

CROSSING YAMAZEN 2024

当社は、当社グループの持続的な成長と企業価値向上に向けて、株主・機関投資家との建設的な対話を促進するため、IR活動を積極的に行っております。2023年度における株主・機関投資家との対話及び推進内容につきまして、以下の通りご報告いたします。

2023年度　機関投資家との対話　実施概要			
株主・機関投資家との対話の主な対応者	CEO：決算説明会 2回（2Q・本決算） CFO：スモールMTG 2回（1Q・3Q）、1on1ミーティング 10回/年 広報・IR室 責任者：1on1ミーティング　47回/年		
対話を行った投資家の概要	投資スタイル（延べ社数）	グロース	8
		バリュー	45
		GARP	3
		その他	1
	対応者の担当分野（延べ人数）	ファンドマネージャー	10
		ポートフォリオマネージャー	24
		アナリスト	23
対話の主なテーマや株主の関心事項	当社のビジネスモデル、市場環境、成長投資分野、PBR1倍割れへの課題意識、資本政策（株主還元方針）等		
対話において把握された株主の意見・懸念の経営陣や取締役会に対するフィードバックの実施状況			
2024年5月実施の取締役会において2023年度のIR活動によって得られた株主・投資家の意見・懸念点のフィードバックを実施、その内容を基に議論が行われました。			

1

- Shows the implementation status of dialogue feedback, and examples of dialogue and the thinking behind them are specifically and clearly disclosed. (→Point III. 3)

株主・機関投資家との対話推進内容②

CROSSING YAMAZEN 2024

対話の事例	
国内卸売業界において一次卸の競合も淘汰が進んでいるのではないか？その残存者利益を御社は享受していると考えられるか？	この業界は参入が難しく淘汰は起こりにくかったが、昨今は合併など業界再編の動きも見られ始めており、今後も出てくるのではないかと思っている。当社は生産財業界において高いプレゼンスを有していると認識している。そのため優位に進められると思っているが、非効率な先を抱えることにならないように市場を注視しながら対応していく。残存者利益は享受できる立場だと考えている。
貴社のキャッシュアロケーションの投資の進展が計画よりも遅いようだが、成長投資が計画に未達となった場合の対応は？	事業投資については、新規事業として前期に「ものづくり企業向け複合型SaaS プラットフォーム事業」をローンチした。M＆A投資については複数案件を精査、検討を行ったものの、実現には至らなかった。今後も積極的に新規事業投資の検討を行い、発表できる段階となれば速やかに開示させて頂く。 エクイティスプレッド拡大のためには「稼ぐ力」の維持と強化が必要であり、事業基盤をさらに固め、成長投資を最優先に考えている。 とはいえ、計画通り進捗しない場合は以降の投資予算の計画スケジュールやキャッシュフローの予測等を吟味して、最適なキャッシュアロケーションを行うべきであると認識している。
PBRが1倍割れの状況だが課題意識、改善策は？	経営レベルでも課題と認識している。当社の事業モデルがわかりにくいと認識しているので市場からの理解を促進するために引き続きＩＲ活動を積極化する。「稼ぐ力」も上げていくためにM＆Aや新規事業投資も積極的に行い、成長率や利益水準を上げていく。その上で、財務の健全性を保ちながら資本政策も重視して進めていく。
自己資本比率が今年度が最終年度の3カ年中計目標の40%～45%に達しているが、ROEが当初の目標を下回っている状況となっている。資本政策についてはどう考えているか？	当社の事業体においては、財務安定性は信用格付けと資本効率を考えるとこの位が妥当な水準だと考えている。これ以上に高めるということではなく、ROEの改善に向け、成長投資を積極的に行っていく方針である。 一方で資本効率性の向上という観点から、前期には株主還元方針の変更を行い、今期は自己株式の取得枠設定を実施した。今後も、必要に応じ、追加的な資本政策を機動的に実施する方針としている。
経営改善のためにROICを活用しているか？	事業の経営管理において「ROIC」を明示して利用している訳ではないが、当社の管理会計においては、数十年前から損益管理に資本コスト額の一部に相当する概念（運転資本の水準に応じてコストが発生するという考え方）を組み込むことで、「収益性」と「資産効率性」の向上の必要性が営業担当者レベルにまで浸透できている。 その結果、運転資本は低水準に維持され、事業特性上多額の固定資産を要しないこともあり、事業毎の資本収益性は総じて高い構造となっている。

2

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

Source:Yamazen Corporation, Report on the Promotion of Dialogue with Shareholders and Investors (June 25, 2024), page 1-2
https://www.yamazen.co.jp/ir/dialogue.html

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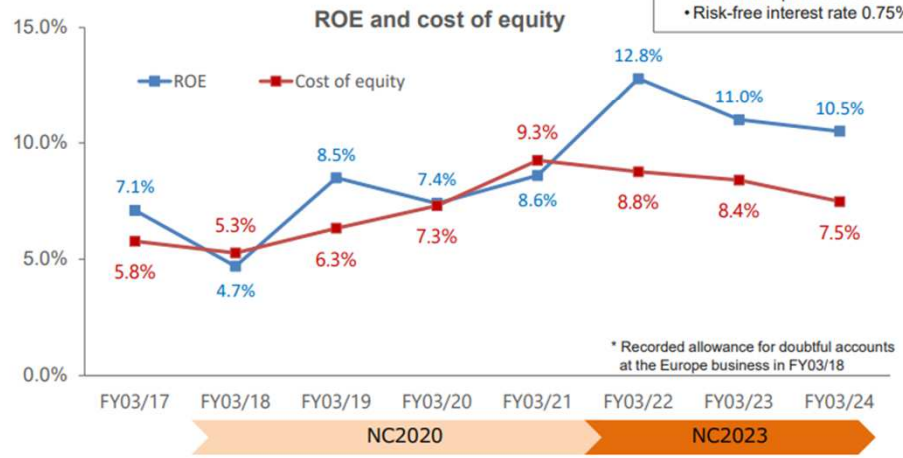
Inabata & Co.,Ltd. (8098) (i)

INABATA

Cost of Capital vs. Return on Capital

- Under *NC2023*, ROE has continuously risen to a level exceeding the cost of shareholders' equity.
- In FY03/24, beta (β) declined on an expanded shareholder base due to improved market liquidity.

* Assumptions for calculating cost of equity Based on CAPM, (The figures below are as of the end of March 2024.)
- β 1.07
- Market risk premium 6.3%
- Risk-free interest rate 0.75%



* Recorded allowance for doubtful accounts at the Europe business in FY03/18

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Voice of Investors

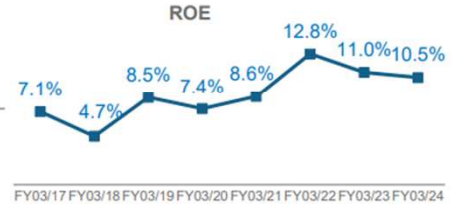
As a prerequisite for engagement, there is a sense of satisfaction with the response, as there has been a careful analysis of the current situation and disclosure of progress. In addition, there is a sense of awareness that the company is seriously trying to engage with the market, as they actively disclose information about the status of dialogue.

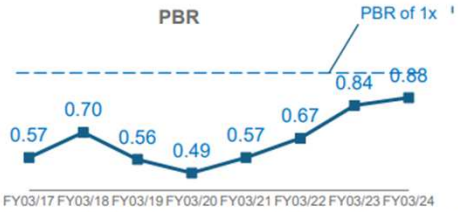
INABATA

Share Price and the Market's Valuation of the Company

- Steady rise in market price (approx. 1.9x) and market cap (approx. 1.7x) over the three-years of *NC2023*.
- PBR is trending up, but not yet reached the target of 1.0x (0.91x* as of May 30, 2024).
- PER is also trending up, but remains at a low level. Need to raise higher for Inabata's future growth expectations.

*Obtained by dividing the closing price on May 30, 2024 by BPS at the end of FY03/24





*Recorded allowance for doubtful accounts at the Europe business in FY03/18
*All figures are as of the end of the fiscal year

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*As of March 31, 2024 * Weighted average PER

40

- **Even if the company is achieving a return on capital that exceeds the cost of shareholders' equity, the company also analyze the situation regarding market evaluation indicators such as PER and PBR,** and consider measures for improvement. **(→Point I. 2)**

Source: Inabata & Co., Ltd., IR Briefing for the Fiscal Year Ended March 2024 (June 3, 2024), page39-40
https://www.inabata.co.jp/archives/001/202409/20240603_01eng_1.pdf

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Inabata & Co.,Ltd. (8098) (ii)

INABATA

Specific Measures ②Maintain ROE of 10% or above

■ Maintain ROE of 10% or above, largely by expanding profits, enhancing profitability, and continuing to control the cost of equity

Expand profits and increase GPM	Actual
Grow mainstay businesses	• Driven by core businesses, we achieved record-high net sales and operating profit for the third consecutive fiscal year under *NC2023*.
Increase the share of earnings accounted for by highly profitable businesses	• Under *NC2023*, the operating profit margin steadily improved from 2.6% in FY03/21 to 2.8% in FY03/24.
Make aggressive investments, including in M&A, and generate revenue at an early stage	• During *NC2023*, we invested about ¥21.5 billion over three fiscal years.
Steadily dispose of strategic shareholdings	• Progress in reduction of cross shareholdings exceeded the target.

Control of equity	Actual
Continue flexible share buybacks and cancellations	• During *NC2023*, 4,880,000 shares were repurchased for ¥12.3 billion, and 7,580,000 shares were canceled. • Repurchasing 1,200,000 shares for up to ¥5.0 billion (planned between May-July 2024)
Maintain a progressive dividend policy	• Substantially raised dividend in first year of *NC2023* (from ¥63 per share in FY03/21, to ¥110 per share in FY03/22). Since then, dividends have been increased by ¥5 per share every fiscal year (¥115 per share in FY03/23, ¥12 per share in FY03/24). • Dividends amounting to ¥19.6 billion were paid out during the three years of *NC2023**

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*Consolidated basis

- In addition to measures to improve capital profitability, **measures to control and reduce cost of capital are also mentioned**. **(→Point II. 3)**

INABATA

Specific Measures ③Control and Curtail Cost of Capital

■ By promoting indirect measures in addition to direct measures, reduce risks and information gaps with the market and control and/or curb the cost of capital

Direct measures	Actual
Utilize debt (diversify funding methods, including the issue of corporate bonds)	• Issued the company's first straight corporate bonds in March 2023. • Plan to issue second series and third series of straight corporate bonds In June 2024.
Buyback and cancel own shares	• During the three years of *NC2023*, 4,880,000 shares were repurchased for ¥12.3 billion, and 7.58 million shares were canceled. • Repurchasing 1,200,000 shares for up to ¥5.0 billion (planned between May–July 2024).
Indirect measures	**Actual**
Enhance information disclosure	• Rapidly responded to Measures to Realize Management Conscious of Cost of Capital and Share Prices and Implementation Status of Dialogue with Shareholders. • Disclosed details of growth strategy and other aspects of new medium-term business plan *NC2026*.
Actively engage in dialogues with investors (step up efforts to provide explanation)	• Increased the number of one-on-one meetings with institutional investors and analysts (from 54 meetings in FY03/22 to 62 meetings in FY03/23). • Initiated one-on-one meetings between outside directors and institutional investors.
Strengthen the Board's monitoring function to continuously monitor performance	• Continued to evaluate the effectiveness of the Board of Directors, and identified and addressed issues for the next fiscal year and beyond.
Be selected as a constituent of many ESG indexes by increasing ESG scores	• First selected as a constituent stock for the JPX-Nikkei Index 400. • First selected as a constituent stock for the FTSE Blossom Japan Index.
Improve market liquidity	• Market liquidity improved and shareholder base expanded in line with stock offering.

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Source: Inabata & Co., Ltd., IR Briefing for the Fiscal Year Ended March 2024 (June 3, 2024), page43-44
https://www.inabata.co.jp/archives/001/202409/20240603_01eng_1.pdf

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Inabata & Co.,Ltd. (8098) (iii)

- **The main content of the dialogue and response to it are disclosed in a clear and easy-to-understand manner, along with the attributes of the counterparty investors. (→Point III. 3)**

Inabata & Co., Ltd.
May 09, 2024

Implementation Status of Dialogue with Shareholders in FY2023

At Inabata & Co., Ltd., we actively engage in dialogue with shareholders and investors, with the aim of promoting sustainable growth and enhancing our corporate value over the medium to long term. The following is a report on the implementation of our dialogue with shareholders in FY2023.

1. Structure for Promoting Investor Relations (IR)

- Our President leads the IR efforts, supported by Director, Senior Managing Executive Officer, a designated officer responsible for IR ("IR Officer"). The president and the director/senior managing executive officer, who is a designated officer responsible for investor relations ("IR officer"), mainly engage in dialogue with shareholders and investors, with some engagements handled by the IR Department.
- Our dedicated IR Department works in collaboration with related departments to gather and analyze various business data. This ensures the timely and accurate distribution of information within the company and to the public.

2. Summary of IR Activities

- We proactively seek to arrange meetings with investors to the extent reasonable. We also consider accommodating requests for engagement with our outside directors to the extent practical.
- We organize biannual financial result briefings where we explain the progress of our Medium-Term Management Plan and present an overview of our financial results.
- We foster opportunities for dialogue with individual shareholders and investors by participating in IR events.
- We actively disseminate information through various mediums such as our website, integrated reports, shareholder newsletters, and shareholder meeting notices.

[Record of IR Activities for FY2023]

Activities	Frequency
Financial results briefings	2 times
One-on-one meetings with institutional investors & analysts (including foreign investors and analysts)	62 times
One-on-one meetings between the Company's outside directors and institutional investors	1 time

3. Feedback to the Board of Directors

Our Board regulations require that shareholder opinions and concerns gathered through our dialogue with shareholders be incorporated into the IR Officer's activity report at least once a year. In practice, we regularly provide feedback regarding meetings with investors to the Board of Directors approximately three times a year. In FY2023, we reported on IR-related matters, including providing feedback on specific opinions and requests from investors, at the Board of Directors meetings held in May and August 2023, and January 2024.

4. Main Topics of Discussion

1) Direction of the Next Medium-Term Management Plan
Discussion with: Domestic institutional investors (active fund managers)

Q: Under the current medium-term management plan, it looks like you will be able to achieve record profits even though the business environment is not necessarily favorable, but I think further growth will not be easy going forward. What is your vision for growth in the next fiscal year and beyond?

A: We plan to pursue growth mainly in fields where market growth is expected and where we have strengths. In the two major segments of Information & Electronics and Plastics, which are currently our earnings drivers, we are considering presenting medium- and long-term target figures for the environmental and energy fields (Information & Electronics) and automotive resins (Plastics), which we believe will drive future growth. In addition to growing organically, we believe we need to accelerate investments at the same time.

[Our views, understanding, and response]
While there were doubts about our growth going forward, we were able to explain to stakeholders our vision for growth by providing specific examples of business fields and methods and gain their understanding. In addition, we began presenting numerical targets for environmental and energy fields and automotive resins in our new medium-term management plan, which kicked off this fiscal year, based on our impression from investor meetings that presenting numerical targets for growth-driving businesses and fields would be more convincing.

* Disclosed Medium-term Management Plan *NC2026* on May 9, 2024.
https://www.inabata.co.jp/english/investor/management/midterm_plan/

- Omitted below -

Source: Inabata & Co., Ltd., Implementation Status of Dialogue with Shareholders in FY2023 (May 9, 2024), page1-2
https://www.inabata.co.jp/themes/english@inabata/investor/library/governance/file/evaluation202406_en.pdf

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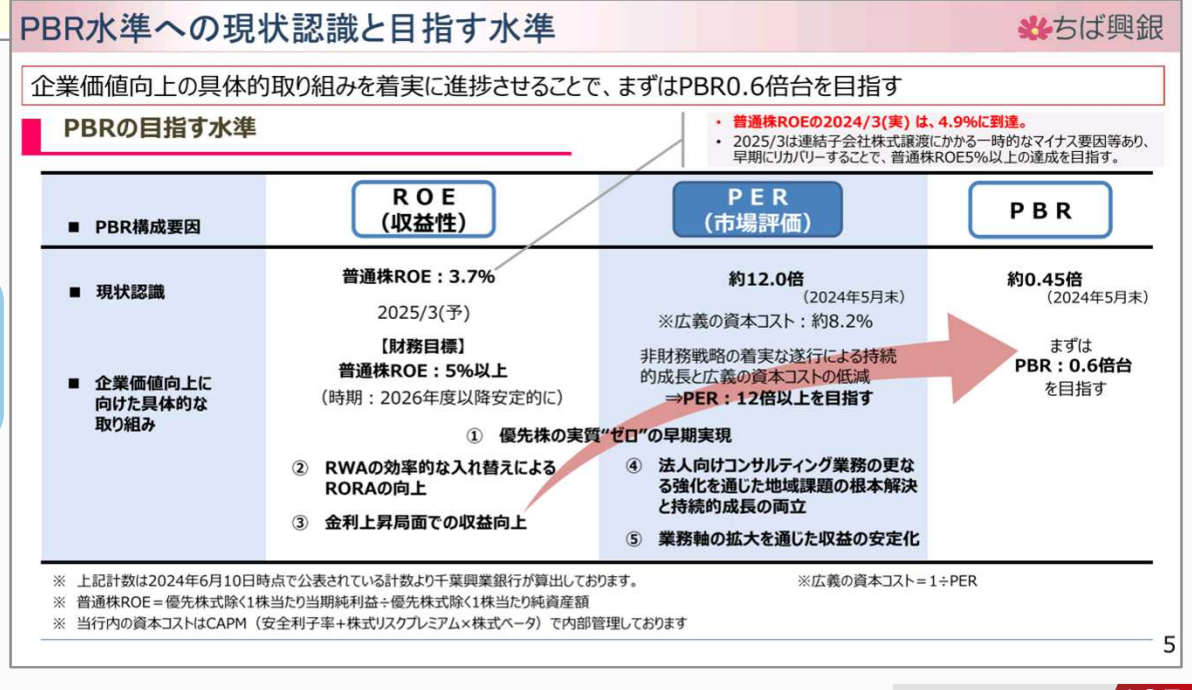
The Chiba Kogyo Bank,Ltd. (8337) (i)

Voice of Investors

The report clearly explains how each initiative is linked to the improvement of corporate value, as well as the progress of each initiative. It also specifically mentions the review of the business portfolio with a focus on profitability, and conveys the company's sincere commitment to management with an awareness of cost of capital and share price.

- **Analysis of past changes in PBR, linking them to past initiatives. (→Point I. 2)**

- **Disclosure of current awareness and initiatives based on progress for each component of PBR. (→Point I. 2 & Point II. 5)**



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

Source: Chiba Kogyo Bank, Ltd., . Earnings Briefing for the Fiscal Year Ended March 2024 (June 10, 2024), Page4-5
https://www.chibakogyo-bank.co.jp/ir/pdf/20240610honpen.pdf

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3つの変革への取り組み状況

ちば興銀

主要な３つの課題に対し、事業ポートフォリオの発展的な見直しを伴う取り組み等により、企業価値を高めていくことを2023年11月10日のリリースにて発表 **➡その後の取り組みは着実に進捗**

2023/11/10 当行プレスリリース「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」

課題	低PBRの要因	今後の対応
【既存ビジネス変革】 住宅等ローン事業の抜本的対応	【ROE要因】 ✓ 競争環境の厳しい住宅ローン事業が、資本対収益およびリスクアセット対収益を押し下げています。	■ 住宅等ローン事業について、ボリューム拡大路線から転換および**住宅ローン等の信用保証業務を行う当行連結子会社の業務効率化等を伴い、事業ポートフォリオを見直す（※）**ことにより、メリハリのある経営資源配分を行ってまいります。 （※）事業ポートフォリオ見直しに当たっては当該連結子会社を譲渡することも含めて検討を行ってまいります。
【資本構造の変革】 優先株式"実質ゼロ"の早期実現	【ROE・PER要因】 ✓ 将来ROE水準の見通しは、優先株式の今後の対応に影響されるものと考えられます ✓ 優先株式の償還・自己株買い見通しが、広義の資本コストの観点からのPERの水準感に影響を与えているものと考えられます。	■ 採算性の低いアセットを削減すること及び付加価値が高く採算性の高い法人コンサルティング分野への経営資源シフトによりリスクアセットの削減を通じた**優先株償還余力を確保し"優先株式実質ゼロ"の状態を早期に実現**してまいります。 ■ また**着実な優先株式の償還・自己株買い**を通じてROEの向上を図ってまいります。
【新たな価値創造】 金融・非金融機能の強化	【PER要因】 ✓ 従来型金融事業の範疇では、長引く低金利環境下においてリスクアセット対収益力の低下が続いており、安定的・持続的成長に向けた更なる取り組みが求められています。	■ 金融・非金融分野でのソリューション力を高めていくことで、**地域経済の発展に貢献し、当行グループは地域と共に持続的な成長を確立してまいります。**

施策の進捗状況

- ✓ 連結子会社の株式譲渡 ➡P12
- ✓ 事業ポートフォリオ見直し、RWA効率化に向けた推進体制の強化 ➡P10
- ✓ 政策保有株式の売却による売却益およびリスクアセットの削減 ➡P 9
- ✓ 優先株式"実質ゼロ"の早期実現 ✓ 株主還元の強化 ➡P 8
- ✓ 経営資源投下を高RORA＆地域ソリューションへ集中 ➡P 7 ➡P10

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Source: Chiba Kogyo Bank, Ltd., Earnings Briefing for the Fiscal Year Ended March 2024 (June 10, 2024), Page6
https://www.chibakogyo-bank.co.jp/ir/pdf/20240610honpen.pdf

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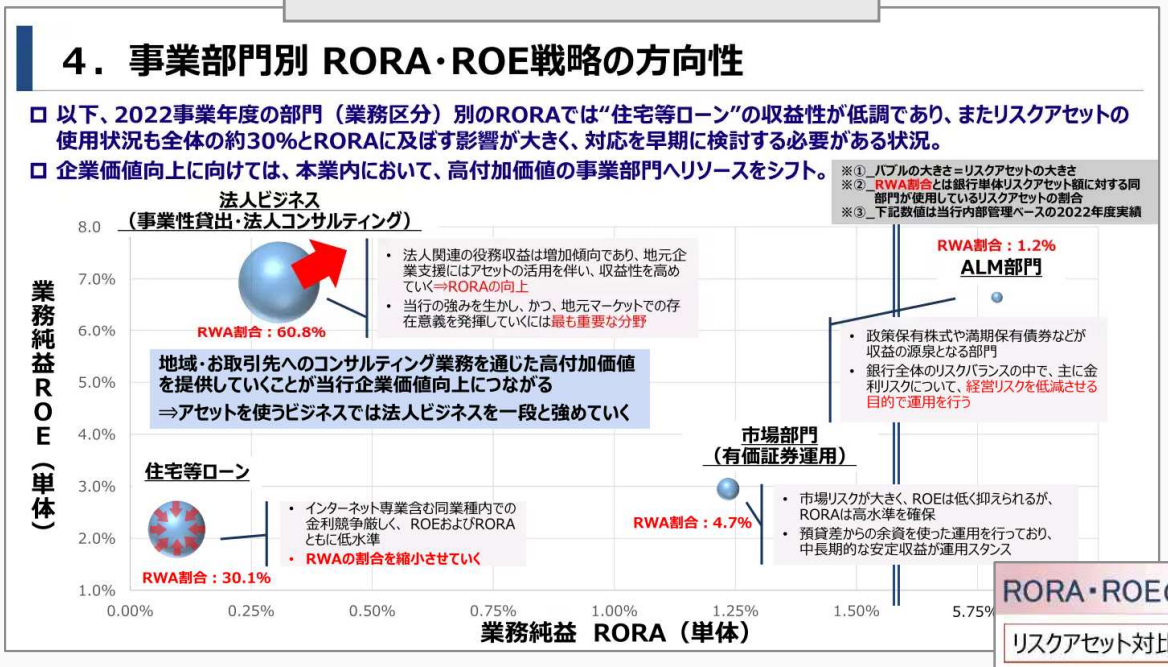
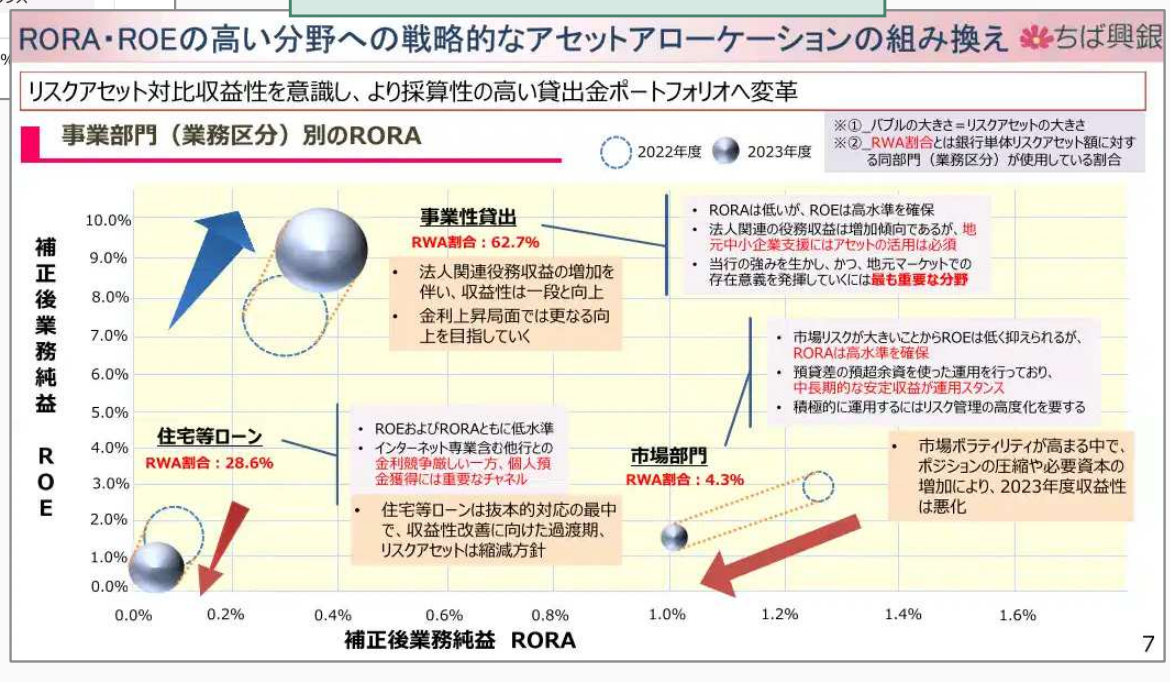
October 2023 announcement



- **Each division is analyzed from the perspective of** RORA (return on risk assets) **and ROE, and the businesses to focus on and those to downsize are clearly identified. (→Point II. 2)**

June 2024 announcement



Source: The Chiba Kogyo Bank, Ltd.
(Top) Action to Implement Management that is Conscious of Cost of Capital and Stock Price (November 10, 2023), P4
https://www.chibakogyo-bank.co.jp/ir/capital_costs.pdf
(Bottom) Earnings Briefing for the Fiscal Year Ended March 2024 (June 10, 2024), P7
https://www.chibakogyo-bank.co.jp/ir/pdf/20240610honpen.pdf

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The Yamanashi Chuo Bank,Ltd. (8360) (i)

Toward Improvement in Corporate Value (1)

山梨中央銀行

Realization of sustainable growth and medium- to long-term improvement of corporate value

Capital-cost and stock-price conscious management practices

Board of Directors ⟷ Executive Members

Growth Strategy (Profitability Improvement)	Capital Strategy	Sustainable Strategy
• **Deepening and Expanding Core Businesses** • Strengthen risk-taking particularly in relation to loans and expand associated corporate-related fees • Reconstruction of securities portfolio • Shizuoka-Yamanashi Alliance initiatives • **Exploring New Businesses** • Establishment of various business operation methods • Finding new revenue sources by helping to resolve regional issues • **Strategic Investment** • DX investment (digital foundation reform and next-generation channel reform) • Investment to improve productivity • **Group Company Strategy** • Strengthen group management capability	• **Effective Use of Capital** • Capital allocation that focuses on a balance between soundness, profitability, and shareholder returns • **Shareholder Return** • Maintain the payout ratio on profit attributable to owners of parent roughly at 30% • Take a flexible approach to acquisition of own shares • **Reduction of Strategic Shareholdings** • Establish a strategic shareholdings reduction policy • Plan to reduce the balance by roughly 10.0 billion yen in fair-value terms during the medium-term plan period • **Enhancement of Dialogue with Shareholders and Institutional Investors** • Appropriate information disclosure based on constructive dialogue	• **Initiatives for Sustainable Management** • Develop a structure to achieve sustainable management • **Responses to TCFD Recommendations** • Strengthen efforts to resolve climate-related issues • **CO_2 Emission Reduction** • Activities for reducing CO_2 emissions • **Human Capital Management Initiatives** • Expand human capital investment • Human resource development policy and internal environment improvement policy • Diversity, Equity & Inclusion (DE&I) policy • Engagement survey

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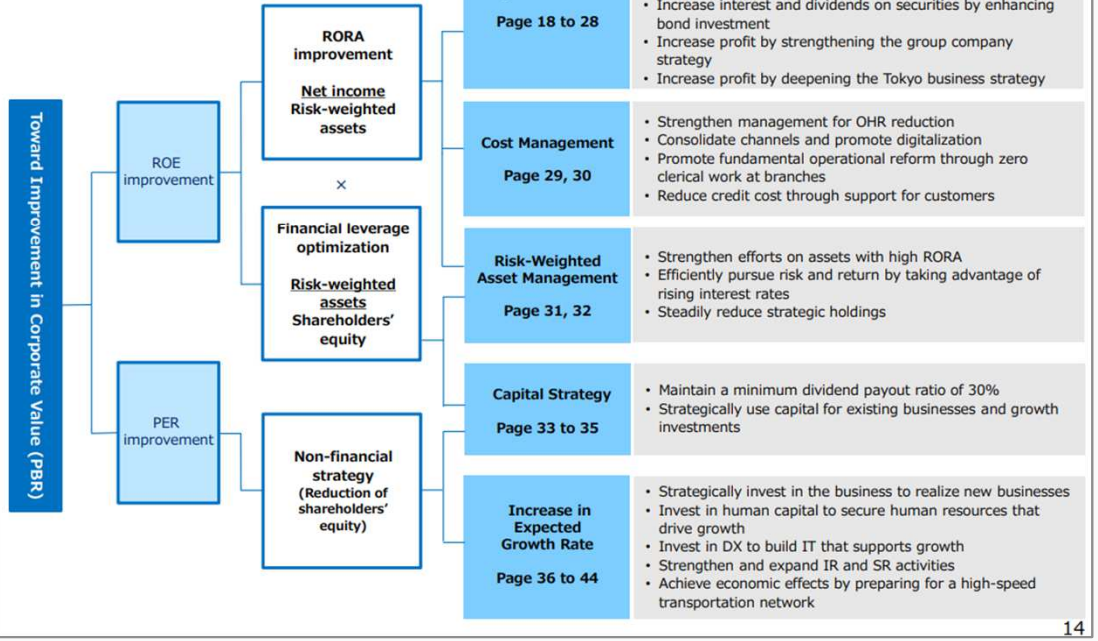
Voice of Investors

While presenting the level it aims to achieve in the medium to long term, it also shows the various initiatives the company will take to achieve this, and the overall picture is easy to understand. In addition, it is also working to actively improve its balance sheet, such as by reducing cross-shareholdings, and this can be seen as progress in reform.

Toward Improvement in Corporate Value (2)

山梨中央銀行

Specific Measures to Improve PBR



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- **The company's efforts to improve its corporate value (PBR) are described using a logic tree, and the relationship between these efforts and the improvement in corporate value is clarified.**
  (→Point II. 5)

Source: The Yamanashi Chuo Bank, Ltd., The 46th Analyst Meeting (May 30, 2024), page13-14
https://www.yamanashibank.co.jp/english/earnings/assets/files/46th_Analyst_Meeting.pdf

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Toward Improvement in Corporate Value (4)

山梨中央銀行

Medium- to Long-Term Targets

- Aim to achieve ROE of 3% or more during the period of the Medium-Term Management Plan "TRANS³ 2025."
- Aim to achieve, by FY2027, quantitative goals of "consolidated net income of 10.0 billion yen or more" and "ROE of 5% or more" set forth as "ideal" toward closing the gap from the assumed cost of capital of 7%.
- Allocate capital in a well-balanced manner to growth investment, shareholder return, etc., while maintaining consolidated regulatory capital ratio roughly at 10%.

Long-term vision: Be a Value Creation Bank

Medium-Term Management Plan	[Value+ 2022] From FY19 to FY21	[TRANS³ 2025] From FY22 to FY24			Ideal From FY25 to FY27
Fiscal year	FY2021 results	FY2022 results	FY2023 results	By FY2024	By FY2027
Consolidated net income	4.2 billion yen	5.0 billion yen	5.6 billion yen	6.0 billion yen or more	10.0 billion yen or more
Consolidated dividend payout ratio	30.1%	27.8%	30.1%	Maintain the consolidated dividend payout ratio at approx. 30% Take a flexible approach to acquiring the Bank's own shares	
Consolidated regulatory capital ratio	11.71%	10.72%	10.05%	Approx. 10%	
EPS	132.73 yen	161.78 yen	185.79 yen	200 yen or more	330 yen or more
ROE	1.98%	2.53%	2.77%	3% or more	5% or more
PBR	0.14 times	0.18 times	0.26 times	0.3 times or more	0.5 times or more
Cost of capital	-	Assumed to be 7% (calculated based on CAPM, using Rp of 6.5%)			

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- **Presents a clear image of increased profits toward its goal. (→Point II. 5)**

Toward Improvement in Corporate Value (5)

山梨中央銀行

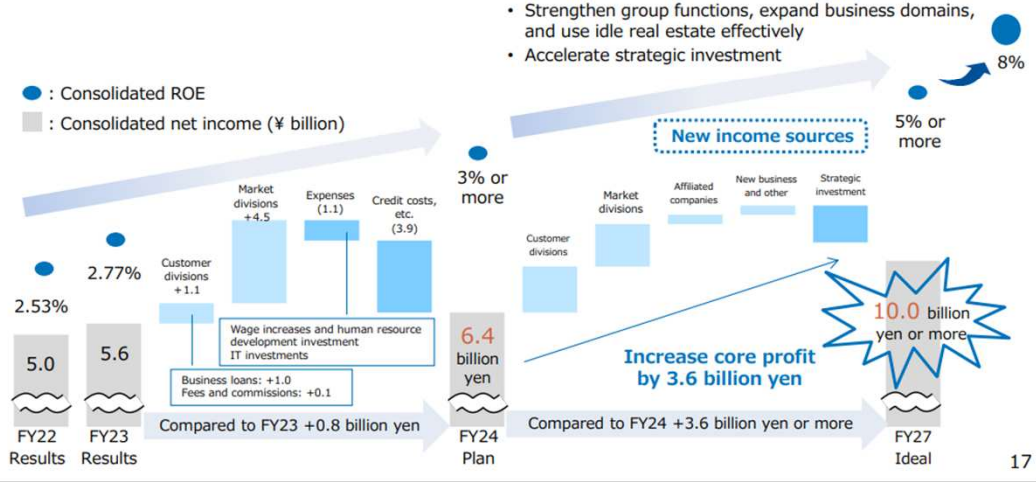
Roadmap toward achieving consolidated net income of 10.0 billion yen

Toward achieving the Medium-Term Management Plan

- Increase interest mainly on business loans
- Strengthen market investment capability through portfolio reconstruction
- Invest in growth fields to boost profit

Schematic illustration of increases in profit toward the ideal results

- Strengthen personal loan strategy as well as business loan strategy
- Expand non-financial earnings in the field of consulting services
- Upgrade securities portfolio management
- Strengthen group functions, expand business domains, and use idle real estate effectively
- Accelerate strategic investment



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Source: The Yamanashi Chuo Bank, Ltd., The 46th Analyst Meeting (May 30, 2024), page16-17
https://www.yamanashibank.co.jp/english/earnings/assets/files/46th_Analyst_Meeting.pdf

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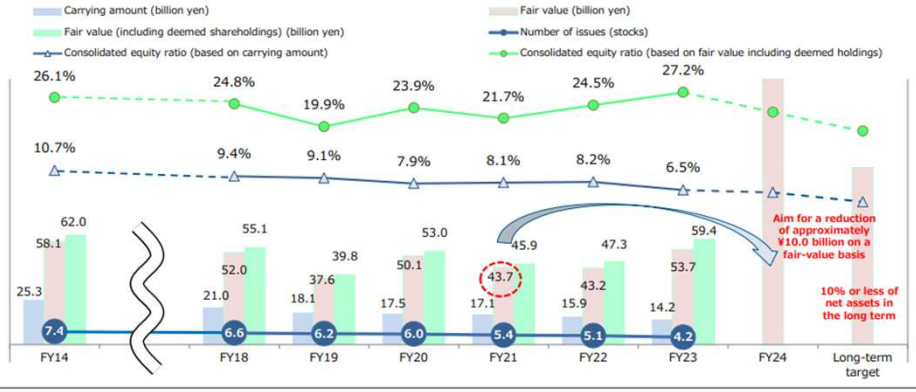
The Yamanashi Chuo Bank,Ltd. (8360) (iii)

Specific Measures to Improve PBR
Risk-Weighted Asset Management (Reduction of Strategic Shareholdings) 山梨中央銀行

Promote the reduction of strategic shareholdings to improve capital efficiency.

- Reduce listed strategic shareholdings by approximately 10.0 billion yen* on a fair-value basis by FY2024.
  (* Compared to FY2021, excluding changes in fair value)
- **Reduce 12 companies for 6.5 billion yen (on a fair-value basis)** by FY2023.
- On the other hand, the consolidated equity ratio is on an upward trend due to market value fluctuation factors associated with rising stock market prices, so we will continue to accelerate dialogue with our business partners to reduce shareholdings and consider measures to reduce **the consolidated equity ratio (on a fair-value basis) to 10% or less.**

<Changes in strategic holdings of listed shares>



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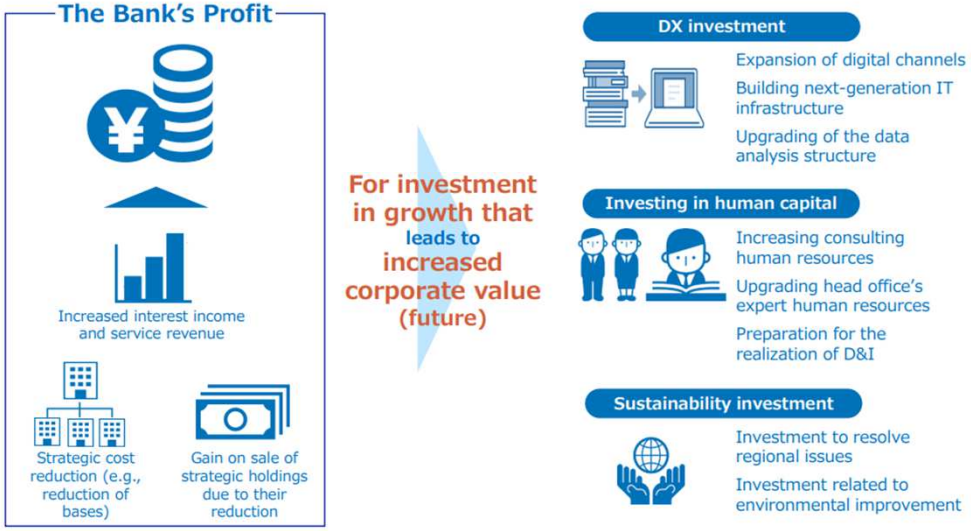
- Along with the results and policies regarding the reduction of cross-shareholdings, the company has also **disclosed its policy of allocating the funds generated through the sale of these shares to growth investments, etc. (→Point I. 3)**

Specific Measures to Improve PBR
Capital Strategy (Overall Picture of the Growth Investment Strategy) 山梨中央銀行

Increase corporate value through growth investments based on the capital strategy.

- Funds generated from profit accumulation and the sale of strategic shareholdings will be allocated for growth investment, etc., with a view to increasing corporate value over the medium- to long-term.



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Source: The Yamanashi Chuo Bank, Ltd., The 46th Analyst Meeting (May 30, 2024), page32-35
https://www.yamanashibank.co.jp/english/earnings/assets/files/46th_Analyst_Meeting.pdf

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The Yamanashi Chuo Bank,Ltd. (8360) (iv)

- **The company discloses the implementation status of dialogue and feedback systems. (→Point III. 3)**

Specific Measures to Improve PBR

Increase in Expected Growth Rate
(Enhancement of Dialogue with Shareholders and Institutional Investors)

山梨中央銀行

Improvement of communication gap through dialogue with shareholders and institutional investors.

- We started an active dialogue (SR interviews) with shareholders and institutional investors in the second half of FY2022.
- The number of active dialogues (SR interviews) increased in the second half of FY2023 to include a wider range of opinions.
- We share with management issues identified through dialogues (SR interviews) and reflect them in future measures in order to achieve medium- to long-term enhancement of corporate value.

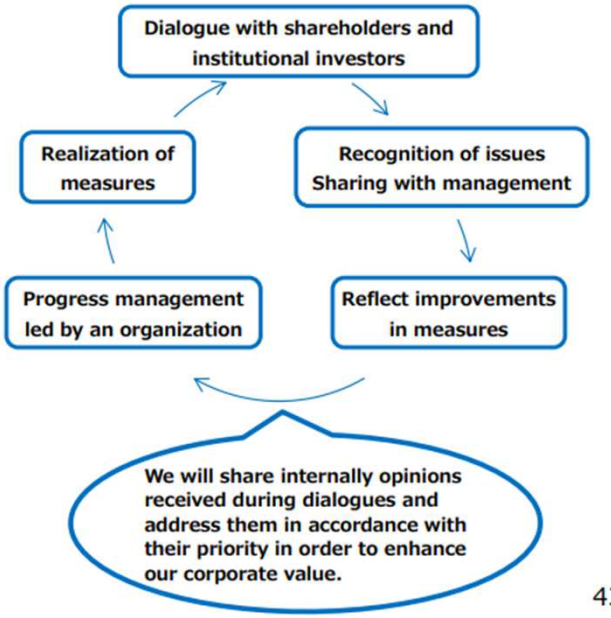
Status of dialogue

We have engaged in intensive dialogue with major shareholders and institutional investors (SR interviews).

		FY2022 (Second half)	**FY2023 (Second half)**
Institutional investors		12	**18**
Investors holding more than a certain number of shares	Business corporations	35	**47**
	Individuals	29	**31**

Main discussions during dialogues			
Governance	Skill matrix	Capital policy	Measures to improve ROE
	Remuneration system		Specific clarification of the growth strategy
Capital policy	Reduction of strategic shareholdings	Sustainability	Response to climate change
			Employee engagement
	Effective Use of Capital		Preparation of a human rights policy

PDCA after the dialogue



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Source: The Yamanashi Chuo Bank, Ltd., The 46th Analyst Meeting (May 30, 2024), page43
https://www.yamanashibank.co.jp/english/earnings/assets/files/46th_Analyst_Meeting.pdf

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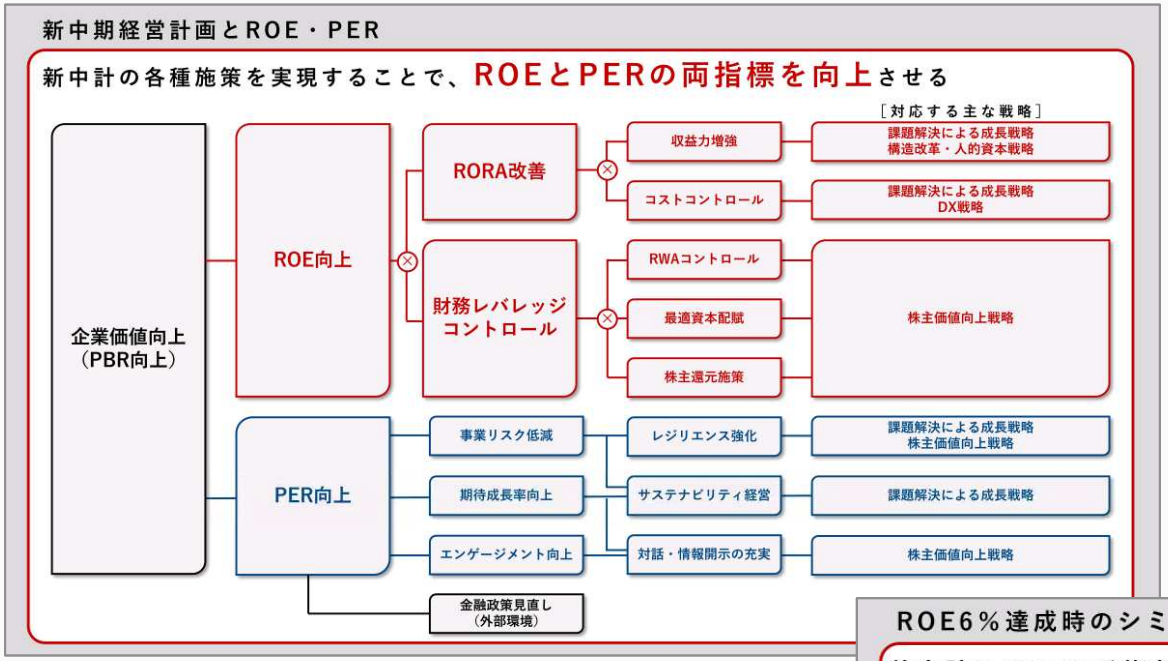
The San-in Godo Bank,Ltd. (8381)

New!

TOPIX Small

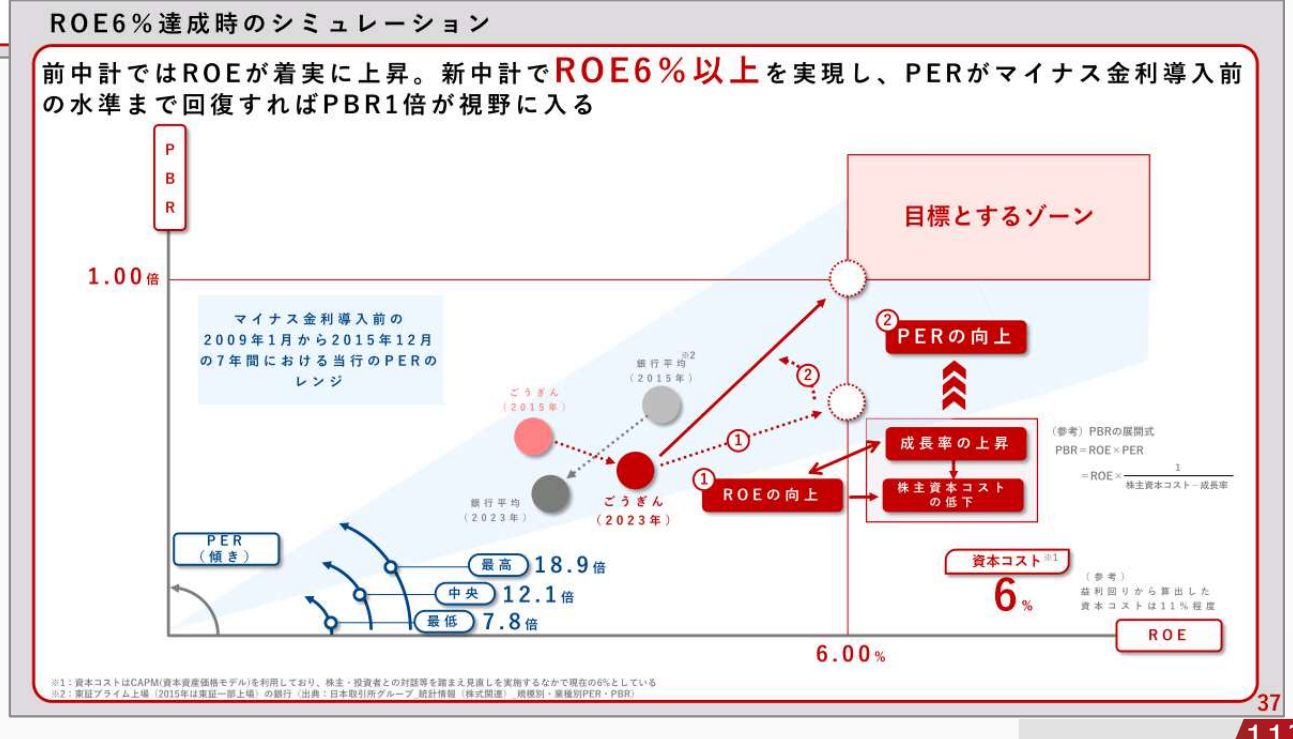
Banks



Voice of Investors

In addition to the logic tree for improving PBR, the relationship between PBR, ROE and PER is illustrated in a diagram, clearly and convincingly showing investors how to achieve an increase in PBR levels. This is a good example that other companies can also use as a reference.

- In addition to the logic tree for improving PBR, **the relationship between PBR, ROE and PER is illustrated on a single graph, and the path to achieving PBR of more than 1 is clearly presented. (→Point II. 5)**



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

Source: The San-in Godo Bank, Ltd. Medium-Term Management Plan (February 22, 2024) ,Page36-37
https://www.gogin.co.jp/common/20242026_keieikeikaku.pdf

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